SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1935

No. 268

THE SUGAR INSTITUTE, INC., THE AMERICAN SUGAR REFINING COMPANY, MARGARET A. JAMISON, ET AL., APPELLANTS

vs.

THE UNITED STATES OF AMERICA

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

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3606 *Government Exhibit 443–C*

[Telegram]

PHILA., PA., *Sept. 24, 1929—1:50 p. m.*

SUGAR INSTITUTE,
129 Front St., New York:

Effective opening business Thursday our price five fifty.

PENNA. SUGAR CO.

(Institute files.)

3607 *Government Exhibit 443–D*

[Telegram]

SEPTEMBER 24, 1929.

Flash—Send to entire list with exception of No. 14.

Notice Two Pennsylvania announces effective opening business Thursday price Five Fifty.

THE SUGAR INSTITUTE.

(Institute files.)

3608 *Government Exhibit 443–E*

[Letterhead of D. A. Kennedy]

NEW YORK, *September 23, 1929—2:45 p. m.*

Our price at the opening Thursday morning, September 25th, will be basis 5.50 less 2%—prompt or thirty-day contracts.

PENNSYLVANIA SUGAR COMPANY.

(Institute files.)

3609 *Government Exhibit 443–F*

[Letterhead of The National Sugar Refining Co.]

NEW YORK CITY, *September 24, 1929.*

Effective at the opening of business Thursday, September twenty-sixth, we will advance all grades to basis 5.50.

THE NATIONAL SUGAR REFINING CO. OF N. J.

(Institute files.)

3610 *Government Exhibit 443–G*

[Letterhead of The American Sugar Refining Company]

NEW YORK, *September 24, 1929.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR JUDGE BALLOU: Effective at the opening of the market Thursday morning, September 26th, we advance our basis price to 5.50 per one hundred pounds.

Yours very truly,

C. H. WHITE, JR.,
General Sales Manager.

(Institute files.)

3611 *Government Exhibit 443–H*

[Telegram]

SEPTEMBER 24, 1929.

Send to per attached list.

Notice Three American and National announce effective opening Thursday September twenty-sixth advance to five fifty basis.

THE SUGAR INSTITUTE.

(Institute files.)

3612 *Government Exhibit 443–I*

[Letterhead of Spreckels Sugar Corporation]

NEW YORK, *Sept. 24th, 1929.*

Hon. SIDNEY BALLOU,
Executive Sec'y The Sugar Institute,
129 Front Street, New York.

DEAR SIR: We have today, made the following announcement:

"Effective at the close of business tomorrow, September 25th, our price for seven day guarantee contracts will be advanced to basis $5.55 and five points less for prompt and thirty day contracts with no guarantee. All orders subject our acceptance."

Yours very truly,

SPRECKELS SUGAR CORPORATION,
By JOHN ROACH.

(Institute files.)

3613 *Government Exhibit 443–J*

[Telegram]

SEPTEMBER 24, 1929.

Send to entire list with except. of no. 14.

Notice Four Spreckels announces effective close business September twenty-fifth advance to basis five fifty-five for seven-day guar-

antee contracts. Five points less prompt and thirty-day contracts with no guarantee. All orders subject their acceptance.

THE SUGAR INSTITUTE.

(Institute files.)

3614 *Government Exhibit 443–K*

[Letterhead of Colonial Sugars Company]

NEW YORK, *September 24, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: Please be advised that our price at the opening of business on Thursday, September 26th, will be 5.50 basis, prompt or 30 days.

Very truly yours,

COLONIAL SUGARS COMPANY,
G. P. ENGEL.

(Institute files.)

3615 *Government Exhibit 443–L*

[Telegram]

PHILA., PA., *Sept. 24—2:24 p.*

SUGAR INSTITUTE,
129 Front St., New York:

Effective opening Thursday, September twenty-six, McCahan list price five fifty basis all territories prompt or shipping as wanted within thirty days.

THE W. J. MCCAHAN SUG. REFG. & MOL. CO.

2:34 p.
(Institute files.)

3616 *Government Exhibit 443–M*

[Letterhead of H. H. Pike & Co., Inc.]

NEW YORK, *Sept. 24, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

GENTLEMEN: Effective at the opening of business Thursday, September 26th, price of Hershey sugar will be basis 5.50 prompt shipment or 30 days' delay.

Yours very truly,

H. H. PIKE & CO. INC., *Agents.*
R. HAGEDORN.

(Institute files.)

3617 *Government Exhibit 443–N*

[Telegram]

SAVANNAH, GA., *Sep. 24—2:25 p. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

Savannah at close September twenty-fifth advances to five-fifty basis.

SAVANNAH SUGAR REFG. CORP.

(Institute files.)

3618 *Government Exhibit 443–O*

[Telegram]

SEPTEMBER 24, 1929.

Flash—Send to entire list *except* No. 14.

Notice Five McCahan Colonial and Hershey announce basis five-fifty opening September twenty-sixth Savannah basis five-fifty close twenty-fifth.

THE SUGAR INSTITUTE.

(Institute files.)

3619 *Government Exhibit 443–P*

[Telegram]

BOSTON, MASS., *Sep. 24, 1929—2:38 p. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York.

We have made the following notice to our trade quote at opening of business Thursday September twenty-sixth we advance price to five fifty. No guarantee.

REVERE SUGAR REFINERY.

(Institute files.)

3620 *Government Exhibit 443–Q*

[Letterhead of L. W. & P. Armstrong]

NEW YORK, *September 24, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

GENTLEMEN: We herewith beg to inform you that "Snow White" will be 5:45 Thursday morning, September 26, only limited business being accepted.

Yours very truly,

L. W. ARMSTRONG.

(Institute files.)

3621 *Government Exhibit 443–R*

[Telegram]

NEW ORLEANS, LA., *Sept. 24—1:45 p. m.*

THE SUGAR INSTITUTE, INC.

Effective close business Wednesday twenty-fifth our basis five fifty.

GODCHAUX SUGARS, INC.

(Institute files.)

3622 *Government Exhibit 443–S*

[Telegram]

SEPTEMBER 24, 1929.

Flash—Send to entire list *except* no. 14.

Notice Six Revere five fifty basis opening September twenty-sixth. Snowwhite basis five forty five opening twenty-sixth only limited business being accepted. Godchaux five fifty close twenty-fifth.

THE SUGAR INSTITUTE.

(Institute files.)

3623 *Government Exhibit 443–T*

[Telegram]

SAN FRANCISCO, CALIF., *Sept. 24—11:56 a. m.*

THE SUGAR INSTITUTE:

We have announced eastern list advances ten points close Wednesday.

WESTERN SUGAR REFINERY.

(Institute files.)

3624 *Government Exhibit 443–U*

[Telegram]

NEW ORLEANS, LA., *Sept. 24—2:02 p. m.*

THE SUGAR INSTITUTE, INC.:

Our price five fifty effective opening business Thursday.

WM. HENDERSON.

(Institute files.)

3625 *Government Exhibit 443–V*

[Telegram]

SEPTEMBER 24, 1929.

Flash—Send to entire list *except* No. 14.

Notice Seven Western announces Eastern list advances ten points close Wednesday Henderson basis five fifty effective opening business Thursday.

THE SUGAR INSTITUTE.

Mr. Bailey—2/4/32.
(Institute files.)

3626 *Government Exhibit 443–W*

SEPTEMBER 24, 1929.

THE DAUB & CARR COMPANY,
138 Front Street, N. Y. City:

Received following telegraphic despatch from Kansas City:
"Making C. & H. basis 5:50 effective close tomorrow Wednesday."
(Institute files.)

3627 *Government Exhibit 443–X*

[Telegram]

SUGAR LAND, TEX., *Sept. 24—4:00 p.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Imperial announces effective close business twenty-fifth basis five fifty.

IMPERIAL SUGAR CO.

(Institute files.)

3628 *Government Exhibit 443–Y*

[Letterhead of Spreckels Sugar Corporation, New York]

SEPTEMBER 24th, 1929.

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute,
129 Front Street, New York.

DEAR SIR: We have today made the following announcement: "Effective at the close of business tomorrow, September 25th, our price for prompt and thirty-day contracts in the midwest guarantee territory will be advanced to basis $5.50. All orders subject our acceptance."

Yours very truly,

SPRECKLES SUGAR CORPORATION,
By JOHN ROACH, *Sales Manager.*

(Institute files.)

3629 *Government Exhibit 443–Z*

[Telegram]

SEPTEMBER 25, 1929

Flash—Send to entire list except No. 14:

Notice Eight CandH brokers announce CandH basis five fifty effective close twenty-fifth Imperial basis five-fifty close twenty-fifth Spreckels basis five-fifty prompt and thirty-day contracts in Midwest guarantee territory effective close twenty-fifth.

THE SUGAR INSTITUTE.

Mr. Bailey—2/4/32.
(Institute files.)

3630 *Government Exhibit 443–A1*

[Telegram]

TEXAS CITY, TEX., *Sept. 25—8:18 a.*

THE SUGAR INSTITUTE,
129 Front St.:

We advance to five-fifty basis opening Thursday morning.

TEXAS SUGAR REFG. CORPN.

(Institute files.)

3631 *Government Exhibit 443–B1*

[Telegram]

SEPTEMBER 25, 1929.

Notice Nine Texas announces five-fifty basis opening twenty-sixth.

THE SUGAR INSTITUTE.

(Institute files.)

3632 *Government Exhibit 443–C1*

[Telegram]

SAN FRANCISCO, CALIF., *Sep. 25.*

SUGAR INSTITUTE, INC.:

We have announced opening Thursday our western and intermediate basis five-fifty.

WESTERN SUGAR REFINERY.

(Institute files.)

3633 *Government Exhibit 443–D1*

[Telegram]

SEPTEMBER 25, 1929.

Notice Ten Western announces opening Thursday Western and Intermediate basis Five-Fifty.

THE SUGAR INSTITUTE.

(Institute files.)

3634 *Government Exhibit 443–E1*

[Telegram]

CHICAGO, ILLS., *Sep. 25, 1929—10:48 p. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Great Western have announced close business twenty-fifth their basis five thirty.

DOMESTIC SUGAR BUREAU.

(Institute files.)

3635 *Government Exhibit 443–F1*

[Telegram]

SEPTEMBER 26, 1929.

Notice Eleven Domestic Bureau advises Great Western have announced basis Five-Thirty close twenty-fifth.

THE SUGAR INSTITUTE.

(Institute files.)

3636 *Government Exhibit 444*

[Copy of original telegram]

SAN FRANCISCO, CALIF., *Oct. 10, 1930—11:39 P. M.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Regarding directors' minutes September twenty-fifth, earnestly request you promptly call attention of all members to resolution, page four, binding effect directors' resolution Stop. Also that immediately after expiration fifteen days from mailing minutes, you notify all members by wire which resolutions if any will not be followed by all members Stop. Respectfully call your attention later procedure, also necessary in future respecting all executive committee resolutions Stop. We understood in New York that National protested resolution, page three, continuous audit, and we are particularly interested know whether members now unanimous this resolution Stop. We also request prompt information on action taken by executive committee on Chinal St. Louis reports.

CALIFORNIA AND HAWAIIAN SUGAR REFINING
CORPORATION, LIMITED.

3637 *Government Exhibit 444–A*

[Telegram]

OCTOBER 14, 1930.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPN.,
215 Market Street, San Francisco, California:

National has withdrawn objection continuous audit Stop. Will wire all members October seventeenth whether or not any objections are registered to any action of Directors Stop. Do not believe it necessary to call special attention to Resolution on binding effect Stop. No action taken by Executive Committee on St. Louis pending arrival Domestic Sugar Bureaus reports on same warehouses and brokers.

THE SUGAR INSTITUTE.

3638 *Government Exhibit 444–B*

[Telegram]

DECEMBER 15, 1930.

The fifteen-day period granted for filing objections to Resolutions adopted at the Directors' Meeting of November twentieth has now expired Stop. No objections have been filed to Resolutions regarding buyer and broker owned warehouses and the extension of the seventy-two-hour notice to six working days. These Resolutions, therefore, are in force Stop. An objection has been filed to the *car tracer audit* Stop. This Resolution is, therefore, not in effect.

THE SUGAR INSTITUTE.

3639 *Government Exhibit 445*

SEAVEY & FLARSHEIM BROKERAGE CO.,
1407 St. Louis Ave., Kansas City, Mo., Jan. 30, 1928.

C. & H.,
San Francisco, Cal.

(Attention: L. R. C.)

GENTLEMEN: Here is a copy of a letter that goes by Air Mail today to Judge Ballou on the subject of Texas guarantee.

Yours very truly,

S. & F.

3640 *Government Exhibit 446-A*

[Copy of letter]

SEAVEY & FLARSHEIM BROKERAGE CO.,
1407 St. Louis Ave., Kansas City, Mo., January 30, 1928.

SIDNEY BALLOU, Esquire,
c/o Harvard Club, New York City, N. Y.

DEAR JUDGE: By this Air Mail I send you copy of letter which I mailed to San Francisco on January 23rd. Louis wired me Saturday wanting to know about this Texas guarantee, and I attach hereto copy of my reply.

As I explained to you then, I want Mr. Eldridge fully impressed with this situation *before we agree to a withdrawal of the guarantee in Texas.* Please put this up to him in such a way as to make him understand that you are having one "hell of a time" getting my consent; that he has shown an utmost lack of consideration of the C. & H. interests at all times, and that he never was brought to his milk until his own interests were hurt, and I am not in the mood to be slapped on one cheek for years and then calmly turn my other cheek for the same treatment.

Please don't promise him that we will agree, but after you think he is fully impressed, then state that you will use your best endeavors to get us to agree.

With my very best wishes, as ever,
Sincerely yours,

HENRY FLARSHEIM.

3641 *Government Exhibit 447*

[Copy]

FEB. 7, 1928.

Mr. JAMES H. POST,
Chairman of The Board,
The Sugar Institute, Inc.

DEAR MR. POST: As the "Committee on Consignment Points and Storage Warehouses", we respectfully submit the following:

Pursuant to a meeting held Friday, February 3, and adjourned until Monday, February 6, the following markets are recommended as consignment points:

Buffalo, N. Y.; Baltimore, Md.; Charleston, S. C.; Cincinnati, O.; Cleveland, O.; Columbus, O.; Dayton, O.; Detroit, Mich.; Indianapolis, Ind.; Jacksonville, Fla.; Louisville, Ky.; Miami, Fla.; Newbern, N. C.; Norfolk, Va.; Pittsburg, Pa.; Richmond, Va.; Tampa, Fla.; Toledo, Ohio; Washington, D. C.; Wilmington, N. C.

We also recommend the following consignment markets, subject to the practices of the C. & H. and Southern Refiners:

Southern: Lexington, Ky.

C. & H.: Chicago, Ill.; Duluth, Minn.; Milwaukee, Wis.; Minneapolis, Minn.; St. Paul, Minn.; all markets west of this territory, and the three following markets subject to the approval of the two refiners in Boston and National, who are the only refiners having any interest therein:

Fall River, New Bedford, Providence.

3642 In regard to consignments to Scranton, Wilkesbarre, and Ft. Wayne, your Committee, with the exception of the representatives of the National and Pennsylvania (the Colonial not voting), does not favor this suggestion.

The suggestion was made that on deliveries from consigned stocks a charge should be made, in addition to the regular F. O. B. price, of *5¢ per hundred to cover the refiner's expense for carrying such sugars.* All refiners voted in favor of this with the exception of the National, who are opposed to it in all markets, and the Pennsylvania, who favor it with the exception of Baltimore, where they are the only refiners carrying stocks on a consignment basis. The minimum quantity to be delivered from consigned stocks to any one buyer should be 7,000 pounds.

It was also suggested that *no open announcement* be made as to the markets in which consignments are to be carried, the Committee feeling that it would be better to simply notify the brokers or buyers in the markets to be discontinued that no further consignments will be made, and *thus avoid considerable comment.*

We further recommend that this Committee be continued and that it be empowered or instructed to select public warehouses in each of the consignment markets where sugars are to be stored, and also to consider and deal with any other questions that may arise from time to time in regard to consignments.

(Signed) CHAS. D. BRUYN,
Chairman.

(Institute files.)

3643 *Government Exhibit 447–A*

MARCH 6, 1928.

COLONIAL SUGARS COMPANY,
New Orleans, La.
(Attention Mr. Wogan.)

GENTLEMEN: For your confidential information, a committee consisting of the Sales Managers of New York, Philadelphia, and Boston refiners, and including the writer, was appointed by the Sugar Institute to meet and suggest consignment points with a view of eliminating as many as possible. Inasmuch as all refiners who were represented, with the exception of American and Colonial, were only interested in the territory east of Chicago and Milwaukee and north of Louisville, it was decided to leave the southern territory to be arranged by southern refiners.

We are enclosing a list of points recommended by the Committee and approved by the Executive Committee. It was furthed decided not to make any formal announcement that certain markets had been discontinued as consignment points, but that refiners would not send any more sugar to markets other than those mentioned on the list.

In the near future there will probably be a meeting called for the southern refiners to act upon markets in their territory, and we enclose a list of what seems to the writer to be markets advantageous for Colonial to use as consignment points. It is quite possible that the American may wish to discontinue more consignment markets than what we for the reason that they have a complete assortment, whereas our assortment is very limited.

Regardless of the number of consignment markets, there will no doubt be a larger demand for direct shipments, owing to the saving in freight rates, but at times when the trade are on a hand-to-mouth basis and if forced to order in carload lots, it is quite probable
3644 that the order will go to the refiner who can supply softs, powdered, and fancy grades. If, however, they withdraw from consigned stock, we would probably share in the business by specifying for some of the grade we make and a portion from refiners who make soft sugars.

With reference to Southern Illinois, Mr. Berry tells us that to withdrawn consignments from markets such as Springfield, West Frankfort, etc., would mean the loss of business for Colonial, as the trade would order out carloads of American or C. & H., or Beet sugars.

Will you kindly let us have your views and whether you think any of the markets on the list could be discontinued without placing us to further disadvantage, or if you think of any markets that should be added. When replying, kindly send copy of your letter to the writer, who will then be travelling.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

3645 *Government Exhibit 447-C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 28, 1928.

MR. HENRY E. WORCESTER,
15 Broad Street, Boston, Mass.

MY DEAR MR. WORCESTER: I am directed by the Executive Committee to obtain from all members of the Institute a list of any outstanding commitments calling for consignments to other than recognized markets. Kindly furnish this information at your earliest convenience.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

3646 *Government Exhibit 447–D*

MARCH 30, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Atten. Mr. Sidney Ballou, Executive Sec'y.)

GENTLEMEN: Replying to your letter of March 28th, we wish to advise you that the Revere Sugar Refinery has not any outstanding commitments calling for consignments to other than recognized markets.

Yours very truly,

REVERE SUGAR REFINERY.

C. C. H. E. Worcester, Vice Pres.
(Revere files.)

3647 *Government Exhibit 447–E*

[Copy]

THE NATIONAL SUGAR REFINING CO.,
Cons. Dept., June 22, 1928.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York City.

DEAR SIR: Under date of May 9th we were requested to ship various sugars to Grand Rapids, Michigan, "to be used for reconsignment only." The sugars covered by this requisition were shipped under date of May 16th.

Our broker at Grand Rapids assumed a delivery beyond Grand Rapids whether carload or less carload would be a reconsignment shipment and consequently several less carload sales were made to points beyond Grand Rapids before the matter came to our attention.

Instructions were issued under date of June 15th "no further deliveries were to be made from this reconsignment stock, unless such delivery constituted a carload and was made to a point beyond Grand Rapids to which the thru rate would apply." Due to an oversight the instructions were not forwarded to Grand Rapids until Monday, June 18th. Prior to receipt of these instructions several less carload sales were made from this stock, delivery in one case being taken on Tuesday, the 19th and the other Wednesday, the 20th.

No further deliveries will be made from this stock unless each delivery constitutes a carload and is destined to a point beyond Grand Rapids to which the thru rate will apply.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.
(Sgd.) JAMES H. POST, *President.*

[Copy]

THE NATIONAL SUGAR REFINING CO.,
Cons. Dept., June 22, 1928.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York City.

DEAR SIR: We wish to outline briefly the circumstances surrounding our present consigned stock at Grand Rapids, Michigan.

When Grand Rapids was eliminated as a consignment market there were various contracts open on our books against which Buyers were entitled to withdraw from consigned stock. We had two contracts with two large organizations having branches in various parts of the country against which no restrictions were made as to quantity to be delivered to any particular point. We had no definite means of forecasting just how much would be delivered locally in Grand Rapids to apply against these contracts. The quantity of the various grades was estimated and shipped against requisition, the last shipment going forward under date of March 13th.

After closing out all contracts a surplus of stock remained from which an occasional delivery was made to the local Trade. About April 26 instructions were issued to make no further deliveries to the local Trade from this stock with the exception of three Buyers who, it was thought, might clean up the stock then on hand. This stock consisted of assorted sugars principally and for this reason the final delivery has been greatly retarded.

On June 11th it was decided to make no further deliveries from this stock but thru error instructions were not forwarded until June 18th. At this time instructions were issued to discontinue further deliveries to two of the Accounts and the day following instructions were issued to discontinue all further deliveries to the third Account.

Prior to receipt of these instructions at Grand Rapids, on June 18th several small sales were made, delivery being taken by the Buyers on Tuesday and Wednesday respectively.

The following excerpt is taken from a wire received from Grand Rapids:

"Will positively make no further shipments except car lots from storage transit stock."

At present we are contemplating moving stock now on hand to another market.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
(Sgd.) JAMES H. POST, *President.*

3649 *Government Exhibit 447–G*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 22, 1928.

NATIONAL SUGAR REFINING COMPANY,
129 Front Street, New York, N. Y.

GENTLEMEN: I have your two letters of June 22nd relating to your consigned stocks at Grand Rapids, Michigan.

I am obliged to say that your whole course of dealing with discontinued consignment markets has been the cause of constant complaint from members of the Institute and other competitors.

When a list of recognized consignment markets in Northern and Eastern territory was adopted on February 21st last, *all other refiners ceased shipments* to discontinued points *within 48 hours* thereafter and all outstanding stocks, so far as I am informed, were cleaned up within the ensuing 30-day period.

The continued shipments by the National led to many protests. With regard to the statement then made that these were against contracts, one member of the Institute wrote:

"We beg leave to advise that consignment shipments by refiners are not made against contracts, but merely on requests received from brokers."

Nevertheless, I still raised no question as to the National having this form of contract outstanding, thinking that at least any obligations under it must expire within 30 days.

I was finally directed by the Executive Committee to obtain from all members of the Institute a list of any outstanding commitments calling for consignments to other than recognized markets. In response to this request you advised me, under date of April 2nd:

"We had contracts with two manufacturers for consignments to markets other than the regular ones but have now arranged with them to take direct shipments. Other than this we are consigning sugars only to markets on the list approved by the Institute."

3650 Understanding thoroughly that such sugar as you had been consigning at discontinued points was under contract, I was next surprised by complaints that such sugar was being bought by the trade at large. *I was so incredulous on this point that I requested such sugar to be bought and the original invoice sent me. This was done under date of April 18th at Grand Rapids and the invoice was plainly marked "Contract New."*

All this is explained by your statement in one of the letters now under consideration dated June 22nd: "After closing out all contracts, a surplus of stock remained from which an occasional delivery was made to the local trade." This statement shows how far apart we have been in our understanding of the situation, as I have repeatedly assured complainants that all deliveries from consignment stocks other than recognized markets had long since ceased. It is

my opinion that any profit from these occasional deliveries is not commensurate with the lack of confidence in the functioning of the Institute which they have caused to the trade.

The next chapter is concerned with your consignment deliveries from reconsignment stocks, which is fully covered by your two letters of even date, which detail a number of misunderstandings and failure of your organization to get orders communicated to, understood, and obeyed by the man on the ground.

I hope that with the final clearing up of these misunderstandings this unfortunate chapter will be closed.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

3651 *Government Exhibit 447–H*

[Telegram]

NEW ORLEANS, LA., *July 24, 1928.*

A. W. BEEBE,
Edgars Sugar House, Detroit, Mich:

Appreciate your advising reference Indianapolis sugars. Stop. *Under last Institute ruling refiner can make special price on round lot sugar where closing out consignment point.* We have two thousand bags at St. Louis slightly warehouse set. Could you use this and at what price?

GODCHAUX SUGARS, INC.

3652 *Government Exhibit 447–I*

REVERE SUGAR REFINERY,
15 Broad Street, Boston, Mass., March 26, 1929.

EDGAR'S SUGAR HOUSE,
1924 Lafayette Blvd., Detroit, Michigan.
(Attention Mr. Beebe.)

GENTLEMEN: As you know I have been out of the office, a little under the weather and therefore your letter of the 14th was not answered.

Previous to the formation of the Institute spot stocks were carried at various points in New England. Since the formation of the Institute all of the consignment points in New England have been discontinued and there would not seem to be any likelihood of their starting up again.

Yours very truly,

G. L. PITMAN.

3653 *Government Exhibit 447–J*

CHARLES F. DAVIS & CO.,
Middleport, Ohio, Sept. 24, 1929.

THE MCCAHAN SUGAR & MOLASSES REFINING CO.,
Philadelphia, Pa.

GENTLEMEN: The writer has been ill for nearly six months and confined to a hospital four months. This explains why your correspondence went unanswered.

We have moved to Middleport, Ohio, and we are opening a warehouse on the Hocking Valley Railroad located in the lower part of Pomeroy, Ohio, and we will carry consigned stocks.

If you care to consign with us, we will build a good business for you.

Although we are not rated The T. H. Davis Company of this city will guarantee our account with you. Their references are The Pomeroy National Bank, Pomeroy, Ohio, and The Citizens National Bank, Middleport, Ohio.

If you do not care to consign here, we could buy from you if you extend the right kind of terms.

Very truly yours,

CHARLES F. DAVIS & CO.
CHARLES F. DAVIS.

(McCahan files.)

3654 *Government Exhibit 447–K*

SEPTEMBER 27, 1929.

CHAS. F. DAVIS & COMPANY,
910 Buckeye Building, Columbus, Ohio.

DEAR SIRS: It is with sincere regret that we learn from your letter of September 24th of the long illness of Mr. Davis. We trust that by now he is enjoying the best of health.

Referring to the question of forming a connection with you to represent us in the territory indicated, we regret to advise you that at the present time we would not care to do anything along this line. However, you may rest assured that we will continue to bear your application in mind and shall communicate with you if the opportunity is presented.

Incidentally, we might acquaint you with the fact that under a Sugar Institute regulation refiners consign sugars only to so-called "recognized consignment points." In Southern Ohio the only point now recognized is Cincinnati, and it would seem unlikely that any other point would be added for some time. Furthermore, under an Institute recommendation refiners do not consign sugars to a sugar broker's or sugar buyer's warehouse.

Thanking you for your continued interest, we are,

Yours very truly,

NORMAN CROCK.

(McCahan files.)

3655 *Government Exhibit 447–L*

DECEMBER 21, 1928.

DEAR JACK: At the meeting of the Executive Committee of the Institute yesterday there was a committee appointed (consisting of Mr. Moog, Mr. Keiser, and myself) to meet with representatives of Savannah and of members of the Domestic Sugar Bureau for the *determination of "recognized consignment markets"* in middle western and southeastern territories. I would be glad to receive any suggestions you would care to make to me for my guidance as to the attitude of Eastern Refiners on the subject.

Yours sincerely,

LOUIS V. PLACE, Jr.

Mr. J. P. CODY,
Arbuckle Brothers, 71 Water Street, New York, N. Y.
(McCahan files.)

3656 *Government Exhibit 447–M*

ARBUCKLE BROTHERS,
New York, January 4, 1929.

Mr. LOUIS V. PLACE, Jr.,
The W. J. McCahan Sugar Ref. & Mol. Co.,
101 South Front Street, Philadelphia, Pa.

DEAR LOUIS: I was informed by the Judge at yesterday's meeting that *open consignments were permissible in the State of Indiana at all points where the New Orleans all-rail rate is equal to or*
3657 *lower than the New York all-rail rate.* Hence the following points are now open for consignments:

[Omitted in printing.]

If you fail to line up the Southern consignment points, could you not at least *prevail upon the New Orleans refiners to limit the open consignment points in Indiana to, for instance, Terre Haute and points along the Ohio River, such as Evansville, New Albany, and Jeffersonville.* Other demoralization is sure to result because in our case alone we are determined to recapture at least a limited part of the business in Indiana, which we feel entitled to. However, we do not intend to increase our consignment points.

Yours very truly,

CODY.

(McCahan files.)

3658 *Government Exhibit 447–N*

[Copy of telegram]

NEW YORK, *June 6, 1929.*

J. MOOG,
Godchaux Sugars, Inc., New Orleans, Louisiana:

Your wire Stop. At meeting this afternoon it was *agreed* Jackson might be added to list Stop. Resolution held up pending action by Candh Stop. Judge talked with *Florsheim* on phone today—*they are willing to go along in South if southern refiners take up other territory* Stop. In Missouri, they want only St. Joseph, Springfield, Kansas City, and St. Louis; Illinois, only Chicago, Mounds, and Cairo; Wisconsin, Eau Claire, Superior, Milwaukee, and seven small places asked for by Beach Stop. Indiana, only Indianapolis; Minnesota, about seven points Stop. Insofar as Texas and Oklahoma are concerned, C and H willing to go along in Oklahoma, but will not agree to Texas so long as any syrup is mixed in cars of sugar Stop. Can you give me points east of Missouri River where Candh now consigns Stop? *General sales manager Candh* will be in New York on Monday to discuss entire matter.

J. F. ABBOTT.

(C. & H. files.)

3659 *Government Exhibit 447–O*

[Copy]

JUNE 7, 1929.

Mr. JOSEPH F. ABBOTT,
% The American Sugar Refining Co.,
117 Wall Street, New York, N. Y.

Subject: Southern consignments points.

DEAR MR. ABBOTT: Just as I feared all the time the Southern Consignment situation has now come to the point where it is almost impossible. For over a year I have taken the position in the Institute that consignment points cannot be hand-picked, and that we were ready at any time to eliminate consignments by state-wide action. The recommendation of the Southern Consignment Committee was based on this viewpoint and every member of the Committee felt as I did on this question.

While in our wire to you of June 6th, approving the recommendation of a revision of the Southern Consignment situation, we did modify this attitude, we did so only because it was urged upon us as a means of satisfying Colonial, who felt that they required this action for a proper distributive position. I am frank to say had Colonial been one of the refiners who are operating up to a fair capacity and who had their proper position in the sunlight, we

would never had receded one inch from our oft repeated assertion that the consignment situation must be treated from a broad viewpoint and not by hand-picking.

I judge by your wire that now that C. & H. have seen an indication of breaking away from the principle recommended by the Southern Consignment Committee they feel that that Committee, or the majority of Southern refiners, are in favor of handpicking. As far as our company is concerned, I want to definitely correct any such impression. We were not a party to the present proposed hand-picking of points in the Southern territory, and I again repeat, we never would have become a party to same, except we felt that it was an action of courtesy to Colonial.

C. & H., with their dominant position in the sugar industry, need no such consideration, and undoubtedly, are not asking for any such consideration, and I therefore must state quite positively that we will enter into no discussion of consignment points in what I term the Domestic Sugar Bureau territory except on the basis of statewide action, and such action, of course, would have to be by the full membership of the Domestic Sugar Bureau.

It is beyond my conception as to how any industry can defend a position such as suggested in your wire, namely, to have about ten points in Wisconsin from which local withdrawals of sugar could be made, and yet have only one such point in the big state of Illinois, as against seven in the state of Minnesota and four in the State of Missouri. Frankly, such a suggestion as this can only be aimed at our company's established position of consignment points in the state of Illinois.

It is not our intention or desire to obstruct action on this important matter simply from the basis of protecting our posi-
3660 tion, but we will not enter into a discussion of the matter based on others trying to protect their pet positions.

We are willing to treat all of these problems from a broad viewpoint of basic principles, and when the sugar refining industry of the United States, through cooperative action of the eastern refiners and the Domestic Sugar Bureau, want to completely clarify the consignment situation, we are willing to go along regardless of any detriment it may be to us, because we fully realize that the Sugar Industry cannot serve its best purposes unless its decisions are based on broad principles, regardless of whom same may affect.

I therefore suggest that you propound to the C. & H. sales manager the question as to whether they are willing to treat the consignment question as a national question, and willing to forget the question of petty situations, such as the syrup matter, which they raise in Texas, and also that you ask your Eastern conferees whether they are willing to do likewise. If so, then the whole consignment question can be treated in a few words by the adoption of a resolution reading approximately as follows:

Consignments of sugar by members of the Sugar Institute, Inc., and/or the Domestic Sugar Bureau, shall be confined to refining points, ports of entry, and reconsignment points. Insofar as the Southern and Eastern refiners are concerned, reconsignment points shall be limited to certain agreed points, to be specifically named for inclusion as part of resolution when adopted, and shall be basically established only to make available to the refiners those freight savings of differential route movement of sugar. For the Domestic Bureau, reconsignment points shall be limited to certain agreed points to be specifically named for inclusion as part of resolution when adopted, established basically on account of the rate structure and territorial distribution. No sugar is to be delivered from refinery points, ports of entry, or reconsignment points except in 60,000 minimum carload lots for rail-carrier movement.

It being essential to carry out the spirit of the above resolution, there shall be no city named in said resolution as a reconsigning point, which city has a population in excess of 50,000, nor is within a predetermined distance from the present established large distributive markets.

The thought I am trying to express by the above is that this will do away with all sales of less than carload lots of sugar on the part of every one, and would furthermore prevent sugar dealers in big cities such as Chicago, St. Louis, Kansas City, Indianapolis, and cities in the Eastern territory, from selling sugar in nearby surrounding territory to the detriment of the country jobber, through the fact of being able to withdraw from consigned stock and move by truck into that adjacent territory, and thereby place them in a position to do business without the expense of second handling of sugar and without the expense of warehousing. It would mean that any sugar dealer or jobber located in big cities would have to have the expense incidental to carrying a stock of sugar and rehandling
3661 out of cars at his own expense in order to compete with the local jobber in the nearby country territory.

The above probably appears very drastic, but something along these lines, it appears to me, is the only way of solving this situation, when first Colonial and Hershey and now C. & H. have veered back to the policy of hand-picking.

As regards the Texas situation, please don't overlook the fact that the Southern Committee provided that any shipments of sugar in Texas would have to be in minimum carloads of 60,000 pounds of sugar, this, with the idea of defeating the present situation of moving mixed cars of sugar and syrup. It would appear, however, that C. and H. will not go along in Texas until American and Imperial discontinue storing syrups and including same in cars of sugar. As far as we are concerned, we are willing to waive the privilege of including syrup in cars of sugar. We do not handle any outside syrup, but we do handle syrup of our own, which we ship to Texas

in mixed cars of sugar, but we are willing to waive this privilege if it will help to solve the Texas situation.

It appears to me that the principal one to be consulted on the Texas situation is, therefore, Imperial, and I suggest you wire them to get their reaction on the question of doing away entirely with the shipment of syrup in cars containing sugar.

The Southern situation now seems to hinge on whether C. & H. will treat the South as a separate entity on the question of consignments, the same as they are on other matters of sales policy, or whether they are going to use the Southern situation as a trading basis for other territories.

I sincerely trust that you will be able to prevail upon them to treat the Southern Consignment situation separately, and will await with interest hearing from you further on this subject.

Very truly yours,

(Signed) J. Mooc.

(C. & H. files.)

3662 *Government Exhibit 447–P*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 12, 1929.

DOMESTIC SUGAR BUREAU,
120 South LaSalle St., Chicago, Ill.

GENTLEMEN: I am mailing under separate cover a revised report of the Southern Consignment Committee of the Sugar Institute. The matter of the effective date of this recommendation will come up at our Executive Committee meeting on Thursday, and, in view of the attitude of our members on the subject and the importance of the subject, it is probable that the Committee will recommend that no shipments to other than the points named in the states thus covered should be made after Saturday, June 15th.

The states of Texas and Oklahoma were covered in the original report of the Southern Consignment Committee, but in view of the attitude of competitive interests in Texas and the desirability of treating these two states as a unit, they have been omitted from these revised recommendations.

For your information I wish to quote the following recommendations concerning warehouses and diversion of shipments from the minutes of the Meeting of the Board of Directors of May 29th. You will note that these recommendations were unanimously adopted so they are now in full force and effect:

"*Warehouses:* In order to minimize the possibilities of discrimination and unfair dealing in connection with the storage of sugar in warehouses, the following recommendations were unanimously adopted:

"1. That bills for the storage of sugar should be paid only directly to the owners or proprietors of the warehouses and not through brokers.

"2. That members should require regular warehouse receipts for sugar when received and daily withdrawal reports from all warehouses in which their sugar is stored, such reports to be sent directly from the warehouse to the refiner.

"3. That members should store sugar only in such warehouses as would enter into the agreement designed to prevent rebating as heretofore recommended by the Institute.

3663 "*Diversion of Shipments:* The matter of unauthorized diversion of shipments was discussed. It appeared that such diversions might be made for the purpose of securing warehouse storage allowance on sugar not actually warehoused, or might be for the purpose of obtaining a higher freight application than that due at the original point of destination. In either case, such unauthorized diversions amounted to a fraud on the refiner.

"The following recommendations were unanimously adopted:

"1. That all shipments be traced to destination.

"2. That members report to the Institute the names of those guilty of such unauthorized diversions, such names to be circulated by the Credit Department of the Institute."

For your further information I would say that the response of the trade to the Institute's recommendations of May 2nd, a printed copy of which is enclosed, has been very satisfactory. In spite of the individual cases of hardship which have followed the necessity of electing between the continuance of the business of broker or the business of warehouseman, many firms long engaged in both businesses have completely disposed of one or the other and have given satisfactory evidence of this to the Institute.

In the case of the Edgar interests, the brokerage business has been transferred to W. H. Edgar & Son, which has gone entirely out of the merchandising business, except for existing contracts, including one running to December 1st next. This firm has also disposed of its Isbell Stores. The Edgar Sugar House has remained in the warehousing business but up to date no sugar has been stored in any of its warehouses by any member of the Institute since May 2nd.

It is possible that in the city of Detroit alone, owing to the convenience of location of the Edgar warehouses to the sugar trade, some plan may be worked out for the leasing of space to some other warehouse corporation which is qualified to store sugar, but if such plan is worked out the Edgar Sugar House will have nothing whatever to do with the sugar and the whole transaction will be under the immediate supervision of a direct representative of the Institute to guard against any possible abuse. In other cases leases at a flat rental of warehouses formerly owned by brokers have been approved, provided the Institute has been satisfied that the transaction was

bona fide and that no affiliation whatever exists between the warehouse company and the brokerage concern.

3664 . For your further information I would say that the Institute has been advised by the Hershey Corporation of their adherence both to the list of recognized consignment markets and to the principle of not storing in brokers' warehouses so far as Southern territory is concerned.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

(C. & H. files.)

3665 *Government Exhibit 447-Q*

THE SUGAR INSTITUTE, INC.

Southern consignment points—General recommendations

On June eleventh the Institute issued a revised list of Southern Consignment Points that have been recommended by the Committee and adopted by the Executive Committee subject to the effective date being fixed.

Recommendations as to deliveries at Refinery Points, Ports of Entry, and Reconsignment Points, together with other general recommendations, remain the same as in the report of April 24, 1929. These are as follows:

Recommendations

It is recommended that there be accepted for consignment purposes only—

Refinery points, namely, those points where refineries are actually located; and/or

Ports of entry, namely, those cities specifically enumerated in each state.

Deliveries from refinery or port of entry points may be made for local delivery in less than carload quantities, or for carload forwarding at the established carload minimum weight.

Storage in transit points as enumerated by states to be established only for minimum carload forwarding, or deliveries in carload quantities by switch movement of carriers.

Definition of minimum carload forwarding: All contracts of sale of sugar for carload forwarding are to specify that delivery must be made in a minimum quantity of sugar at the established carload minimum applying on sugar to the territory covered by the contract.

Pool cars: No sugar should be shipped in pool cars except in accordance with valid sale contract confirmed prior to shipment.

Restrictions: The Sugar Institute membership and the Domestic Bureau membership should control shipments of sugar to dealers or others in the Southern Consignment Territory to prevent the breaking down of the recommended rules as to consignments.

NEW YORK, N. Y.,
June 13, 1929.

(C. & H. files.)

3666 *Government Exhibit 447–R*

[Telegram]

[Copy]

NEW YORK, *June 13, 1929.*

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 South LaSalle St., Chicago, Ills.

At meeting of executive committee it was recommended that report on southern consignment points as appearing in minutes June sixth be made effective with exceptions noted below after Saturday, June fifteenth, by making no shipments after that date to other than consignment points thus recognized subject only to existing commitments. States covered by this recommendation are Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia Stop. Exceptions above referred to are Texas, Oklahoma, Arkansas as to which effective date is postponed Stop. General recommendation as to pool cars amended to read as follows Quote No sugar should be shipped in pool cars except in accordance with valid sale contract confirmed prior to shipment.

THE SUGAR INSTITUTE.

(C. & H. files.)

3667 *Government Exhibit 447–T*

[Telegram]

[By mail]

JUNE 17, 1929.

Mr. H. E. WORCESTER,
15 Broad Street, Boston, Mass.:

A recommendation from New Orleans that Jackson, Mississippi, be discontinued as a consignment point leaving only Meridian in that state has been concurred in by all refiners interested including Hershey. Pending formal action it is requested that consignments to Jackson be discontinued.

THE SUGAR INSTITUTE.

(Revere files.)

3668 *Government Exhibit 447–U*

[Telegram]

SAVANNAH, GA., *June 17, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Glad to concur in elimination Jackson, Mississippi, as consignment point.

PARDONNER.

2:30 p. m.
(Savannah files.)

3669 *Government Exhibit 447–V*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 27, 1929.

WILMINGTON TRAFFIC ASSOCIATION,
Wilmington, North Carolina.
(Attention Mr. J. A. Taylor, president.)

GENTLEMEN: I have your telegram of June 25th and in reply thereto would state that the only action taken by the Sugar Institute with regard to Wilmington is the recommendation, which equally affected hundreds of other points in the South and Middle West, that the refiners discontinue the storage of sugar at their own expense in that city, with the accompanying practice of distributing in less-than-carload lots. Such discontinuance is not intended to interfere with the activity of wholesale grocers or local jobbers in this connection nor can I see how it will affect either the sales of sugar by brokers or the amount of sugar shipped by members of the Institute through the port of Wilmington

The Sugar Institute is composed of refiners of cane sugar located on the seaboard. The normal method of distribution by these refiners is the shipment of sugar in carload lots as ordered by jobbers or wholesalers throughout the country. It is assumed that these jobbers and wholesalers will store the sugars, paying the necessary charges for storage and insurance, will maintain a sufficient stock and assortment to meet the needs of the retail dealers in their districts, and will distribute in less than carload lots to retailers as needed. The Sugar Institute believes that this is a legitimate function in the economic distribution of sugar, that it should be performed by members of the local community conversant with the needs of their trade, and that the jobbers and wholesalers performing this service are entitled to a legitimate profit for performing this service.

Under conditions of excessive and ruinous competition prevailing in the past, the refiners have taken over this function in hundreds

of small cities and, moreover, have done it for nothing. The Institute does not regard this as basically sound from an economic standpoint and has consistently recommended the cutting down of these so-called consignment points with a view to their *ultimate total abolition.*

3670 *Considerable progress has already been made in this direction. For nearly a year past, there have been no consignments carried in New England, New Jersey, Delaware, and Maryland and only at one point (Buffalo) in New York and one point (Pittsburgh) in Pennsylvania.* Further west, owing partly to beet competition, it has not been possible to make all the progress desired, but the number of points has been substantially decreased. Recent recommendations covering the South have resulted in the elimination of all consignment points in entire states and the retention of only one or two of the larger cities in other states.

North Carolina is one of the states where the Institute has recommended the entire discontinuance of these so-called consignment points. I refer to them as "so-called" because the sugars thus described are in the ownership and under control of the refiners themselves and therefore they have not been consigned to anybody in the strict sense of the term. On the other hand, North Carolina is a state where there is considerable business done upon actual consignments, that is, stocks of sugar are consigned to jobbers in their own warehouses to be paid for in four equal installments. The recent recommendation of the Institute has in no way interfered with this practice so far as North Carolina is concerned.

The Institute awaits with interest the result of your application to the Federal Trade Commission. It would seem that the only question to be decided is whether any particular city has any vested interest in requiring refiners to maintain stocks and assume the functions of local distributors at their own expense.

It is the opinion of the Institute that it is doing a real service to any community when it recommends that refiners cease from usurping this local function of storage and distribution and do their best to put the local jobber and wholesaler back into business, giving him the opportunity to perform a distributive service and to take a legitimate profit thereon. The Sugar Institute regrets only that conditions which have arisen in the last few years make it impracticable to put this policy in effect universally and proposes to continue its recommendations that it be done wherever it is found practical.

Very truly yours,

Executive Secretary.

SB:BMF.

3671 *Government Exhibit 447–W*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 30, 1929.

Mr. JOSEPH F. ABBOTT,
President, American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. ABBOTT: I wish to draw your attention to the Resolution in respect to Toledo, Ohio, stocks adopted at the Enforcement Committee Meeting August 29th.

In order to place all refiners on *equal competitive basis* at this point, it was recommended that as of August 29th withdrawals from consignment at Toledo should only be used for filling contracts outstanding and no deliveries should be made on new business. All balances existing after outstanding contracts have been completed shall be used as reconsignment stock for deliveries to be made at other points.

Later in the day the writer discussed the Committee's Resolution with Mr. Cody, of Arbuckle, who did not attend the meeting. Mr. Cody requested, inasmuch as they only had a stock of 714 bags which included various assortments, that these sugars be used for delivery in Toledo, but with the understanding that other refiners be allowed to match this total.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON,
Statistician.

(American files.)

3672 *Government Exhibit 447–X*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, October 22, 1929.

Mr. C. H. WHITE, Jr.,
The American Sugar Refining Co.,
117 Wall Street, New York.

DEAR MR. WHITE: I have your night letter of October 21st, giving a tentative list of recognized consignment markets suggested by the Domestic Sugar Bureau and making inquiry as to whether we have additional points to recommend, to which I replied by wire as follows:

"Kingdom we have no consignment points to recommend in addition to tentative list of Domestic Sugar Bureau for Indiana, Iowa, Kansas, Minnesota, Nebraska, North Dakota, Oklahoma, South Dakota, Wisconsin Stop. When list becomes official please advise us."

We regret very much that it was found necessary to continue the large number of points for consignments as submitted by the Bureau, having had some hopes that the Beet and Western Cane Sellers would

be disposed to eliminate consigned stock and to carry consignments for transit purposes.

In accordance with our request, will appreciate your advising us when the list of consignment points for the states indicated becomes official. Kindly also secure for us the names of all approved warehouses at these points which in all probability has or will become a matter of record with the Domestic Sugar Bureau and the Sugar Institute, Inc.

Yours very truly,

M. B. MURPH[illegible], *Sales Manager.*

(American files.)

3673 *Government Exhibit 447–Y*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, October 30, 1929.

Mr. C. H. WHITE, Jr.,
117 Wall Street, New York City.

DEAR MR. WHITE: Now that all consignments in Wilmington, North Carolina, have been discontinued, we are going to be compelled to rely upon weekly shipments from New York to Wilmington. Our service will be very poor when compared with Savannah, who ships by rail to Wilmington and is in a position to render daily service to customers located there.

The rail rate from Savannah to Wilmington is 34 cents; the rail rate from Baltimore to Wilmington is 36 cents, while the prevailing rate in Wilmington is the boat rate of 20 cents from New York.

If there is no question of reinstating the consignment at Wilmington, do you not think it would be a good move to attempt to increase the selling rate to 34 cents, which would put us in a position to ship direct from Baltimore and give siding delivery.

We would be glad to hear from you regarding this matter.

Very truly yours,

J. A. MONET, *Sales Manager.*

(American files.)

3674 *Government Exhibit 447–Z.*

Sent to: American, Arbuckle, McCahan, National, Pennsylvania, Spreckles, Savannah, Revere, Colonial.

NOVEMBER 18, 1929.

To Members of the Sugar Institute.

GENTLEMEN: At the Directors' Meeting of November 14th it was decided that the process of *equalizing stocks* in consignment points to be withdrawn, in such manner as to *have everyone withdraw at approximately the same time*, be made retroactive insofar as Dayton is concerned. The maximum amount held by any refiner at that point at this time is approximately 2,000 bags.

Each refiner interested in that market will be privileged to ship sufficient sugars to take care of current business, with the understanding that they shall not exceed a stock of 800 bags at any time. We will advise you when the maximum stocks are approximately liquidated, and *set a date after which there shall be no shipments.*

This plan is already in operation at Fort Wayne and Toledo, except that the *800-bag limit* does not apply to Toledo, where the maximum stocks still approximate 15,000 bags.

Very truly yours,

THE SUGAR INSTITUTE, INC.,

Executive Vice Secretary.

3675 *Government Exhibit 447–A1*

Consigned stocks

	Last report	Fort Wayne	Akron	Columbus	Dayton	Toledo
American	Oct. 26	3,717	847	253	1,753	2,951
Arbuckle	Nov. 2	562				1,391
McCahan	" 2	3,103				
National	" 2	5,091	190	150	494	3,581
Penna	" 2			147	2,689	2,200
Spreckels	" 2	(1)			284	3,509
Savannah	" 2				252	
Revere	" 2					16,808

[1] 1956 stored in transit.

From the above table it will be noted that stocks will not have to be equalized at Akron and Columbus.

American, National, and McCahan have sufficient stocks at Ft. Wayne for, apparently, at least 60 days, and probably 90 days, according to their withdrawal records.

Pennsylvania has sufficient stocks at Dayton to run them for the next 30 and probably the next 60 days.

Revere has sufficient stocks at Toledo to run them well into next year, if their withdrawal performance is any criterion.

It is believed that Arbuckle should be advised that they can place limited stock in Dayton and also increase their stocks at Fort Wayne and Toledo, is they so wish.

McCahan should be advised that they can place stocks in Dayton and Toledo.

Pennsylvania should be advised that they can place a limited stock in Ft. Wayne.

Spreckels should be advised that they can make a small increase in Dayton.

Savannah should be advised that they can place a small stock in Ft. Wayne and Toledo.

Revere should be advised that they can place a small stock in Ft. Wayne and Dayton.

3676 *Government Exhibit 447–B1*

NOVEMBER 23, 1929.

Mr. R. S. STUBBS:

We are at a disadvantage at Wilmington, N. C., due to the fact that Hershey has a large stock on consignment, while we have to make shipment from New York with only weekly service. While Hershey is only using Wilmington as a reconsignment point, delivery in carlots, at the same time the fact that customers are able to withdraw a car any day and receive immediate delivery, while in order to secure sugar from us it is necessary to place an order in time to catch the boat, places us out of line.

We do not wish to have Wilmington reestablished as a consignment market; however, we would like to carry stock for reconsignment in carlots.

The other alternative would be to establish the Savannah all-rail carload rate as our selling basis at Wilmington instead of the present water rate. We understand, however, that National would not agree to this.

C. H. WHITE, Jr.

(American files.)

3677 *Government Exhibit 447–C1*

[Telegram]

NEW YORK, N. Y., *Nov. 25, 1929—1:48 p.*

WM. HENDERSON,
Henderson Sugar Refinery, 749 South Peter St.:

Please send announcement withdrawing trade consignment plan Illinois and northern Indiana.

THE SUGAR INSTITUTE.

(Henderson files.)

3678 *Government Exhibit 447–D1*

[Telegram]

Nov. 25, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Did not offer trade consignment Illinois, Northern Indiana, therefore cannot withdraw.

WM. HENDERSON.

(Henderson files.)

3679 *Government Exhibit 447–E1*

COLONIAL SUGARS COMPANY,
136 Front Street, New York, December 2, 1929.

The SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: Referring to your notice of November 29th, with reference to withdrawing Pikeville, Ky., as a trade consignment point, please be advised that we will not offer sugar in that City on such terms, provided the other refiners also *agree* to it.

Very truly yours,

COLONIAL SUGARS COMPANY.
C. B. NEWMAN.

3680 *Government Exhibit 447–F1*

DECEMBER 7, 1929.

Mr. W. H. HOFFMANN,
Care Geo. E. Keiser, Milwaukee, Wisc.

DEAR MR. HOFFMANN: We have your letter of December 3rd, in which you quote from letter you received from S. C. Shannon Co., Appleton, Wisc., with reference to C. & H. consigning to that market.

It appears in the "*open territory*"—that is, where the Institute has not limited consignments points—that many of the refiners are spreading consignments more and more and it looks to us that it will be necessary for Colonial to promptly meet this competition.

For your information, we are sending list of consignments carried in the states of Wisconsin and Minnesota and think you had better give this serious consideration and possibly have one of your men cover the territory, with a view of placing consignments in order to hold the business.

The list of consignment points and warehouses is for your own confidential information and not to be used outside of your office. It is also important that any warehouse selected must be first thoroughly investigated and proven that they have no affiliation with either buyer or broker.

Very truly yours,

COLONIAL SUGARS COMPANY.
C. B. NEWMAN.

(Colonial files.)

3681 *Government Exhibit 447–G1*

DECEMBER 17, 1929.

S. & F.,
Kansas City.

GENTLEMEN: This refers to your letter of December 11th regarding the opening of consignment points in Southern Illinois.

To avoid the possibility of oversight, we would call attention to the fact that warehouses selected must be submitted to us, and no shipments made until approval has been given. This for the purposes of our own records and to enable us to comply with the Institute 72-hour (formerly 48-hour) rule.

Yours truly,

C. & H.

(C. & H. files.)

3682 *Government Exhibit 447–H1*

JANUARY 13TH, 1930.

To Members of the Sugar Institute.

Re Consignment Points (Domestic Bureau).

GENTLEMEN: On consideration of the attached list of *consignment points recommended by the Domestic Bureau* to its members as being sufficient to serve the industry in the territory to which it refers, you expressed yourselves as being of the same opinion.

You will therefore immediately confine your shipments to such points.

Please report to us the balance of stocks on hand and in transit at the various points being withdrawn in the States comprising this list, as of January 15th, giving the name of the Warehouse where stocks are located in each instance.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

3683 *Government Exhibit 447–I1*

Exhibit 447–I1 (filed with the Clerk of the Supreme Court in lieu of printing) is a list of consignment points recommended by the Domestic Sugar Bureau.

3684 *Government Exhibit 447–L1*

Proposed Notice to the Trade

The Sugar Institute has adopted a resolution recommending that its members shall, in case any shipment made by them is diverted or reconsigned to a point other than the one to which the buyer instructs them to ship, require the buyer to pay freight in accordance with their ruling freight basis to such ultimate point of destination. This applies whether the shipment is made under a contract or a spot sale and whether made from refinery or consignment point.

Where, in carrying out our practice of tracing all of our shipments to destination, we find that any such diversion or reconsignment has

been made, we shall, pursuant to the Sugar Institute's recommendation, bill the buyer for freight in accordance with our ruling freight basis to ultimate destination, and insist on payment of same.

(Institute files.)

3685 *Government exhibit 447–M1*

[Copy]

FEBRUARY 17, 1930.

Mr. J. P. CODY,
Arbuckle Brothers, 111 Wall Street, New York City.

DEAR SIR: You have recently been interested in the amount of consigned sugar in Wilmington, North Carolina.

On February 8th your records show a balance of 972 bags, which is the largest stock there of any single refiner, the other refiners having only small amounts left, since they have ceased shipping to this point.

H. H. Pike & Company have informed us that their excess balance at this point has been shipped to other consignment points and that their stocks will be cleared up February 20th.

Very truly yours,

THE SUGAR INSTITUTE, INC.,

(Institute files.)

3686 *Government Exhibit 447–N1*

[Letterhead of Arbuckle Brothers]

NEW YORK, *February 18, 1930.*

Mr. W. W. PATTERSON,
C/o Sugar Institute, Manhattan.

DEAR SIR: Acknowledging yours of the 17th, at the opening that day we had on hand in Wilmington, North Carolina, 887 bags, of which 450 were sold but undelivered.

We have advised the broker that the stock *must be closed* out on the 20th, and have requested him to make a strenuous effort to close out the 437 bags by that day.

Yours very truly,

ARBUCKLE BROTHERS,
(Sgd.) CODY,
Sugar Sales Department.

(Institute files.)

3687 *Government Exhibit 447–O1*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, Mar. 12, 1930.

Mr. C. H. WHITE, Jr.,
The American Sugar Refg. Co., New York.

DEAR MR. WHITE: C. & H. are now carrying consigned stocks at Blytheville and Jonesboro, Ark. I talked to Mr. Strattman here yesterday and he confirmed the accuracy of this information.

Would you be inclined to authorize me to place consigned stocks at these points? It is highly important that we place a stock at Jonesboro to meet the competition of C. & H. There is a question whether it would be advisable to place a stock at Blytheville or not, but I would like to have the authority to proceed if necessary.

Awaiting your prompt reply, I beg to remain,

Yours very truly,

H. F. BARKERDING, *Sales Manager.*

(American files.)

3688 *Government Exhibit 447–P1*

MARCH 20, 1930.

Mr. H. F. BARKERDING,
American Sugar Refining Company,
New Orleans, Louisiana.

DEAR MR. BARKERDING: In reply to your letter of March 12th in connection with public consignments in the State of Arkansas, if you feel it is absolutely necessary it will be satisfactory for you to establish consignments at the two points mentioned in your letter; that is, Blytheville and Jonesboro. However, movement is now on foot having as its objective the elimination of public consignments in the State of Arkansas, and if it does not seem possible to eliminate all points, at least it is hoped that a reduction in the number of consignment points now being operated can be made.

At the present time stocks are carried by various refiners at Blytheville, Fort Smith, Hot Springs, Little Rock, Paragould, Pine Bluff, and Russellville.

While this movement is on we would probably be in better position to argue for complete elimination if we did not add the two points referred to by you. However, as mentioned above, if you feel it is necessary in order to meet a competitive situation that now exists, you may go ahead. We shall promptly pass along to you any information relative to the progress being made in this matter.

Yours very truly,

General Sales Manager.

CHW.JR:NCC.
(American files.)

3689 *Government Exhibit 447–Q1*

GODCHAUX SUGARS, INC.,
10th Floor Masonic Temple Bldg.,
New Orleans, April 8, 1930.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

In re Domestic Bureau Consignment Points.

DEAR MR. TAYLOR: You state in your letter of April 2d that there appears to be no good reason for a reconsideration of this question.

I cannot understand why you make this statement in view of the fact that the recent announcements all show that after the various parties agreed to certain definite consignment points as recommended by the Domestic Bureau for the state of Kansas, they then proceeded to add to them simply by announcement.

You state in your letter that only four points have been officially added to the list. In view of this, you certainly cannot believe that we are going to feel in any way restricted in regard to adding whatever points we want to the list.

Very truly yours,
J. Moog.
W. H. F.

3690 *Government Exhibit 447–R1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 24, 1930.

Mr. J. F. HARAHAN,
Colonial Sugars Company,
136 Front Street, New York, N. Y.

MY DEAR MR. HARAHAN: The first part of April you informed me that you had reason to believe that Great Western had shipped sugar to Winona, Minnesota, which at that time was not a consignment point, and asked me to investigate.

Mr. Douglas informs us today that the Great Western did ship one car of sugar to Winona before it was announced as a consignment point, but that the car was shipped to complete a contract at that point.

We are glad to have run this rumor to earth and found out at last what caused it.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

3691 *Government Exhibit 447–S1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 3, 1930.

Mr. J. F. HARAHAN,
Colonial Sugars Company,
136 Front Street, New York, N. Y.

MY DEAR MR. HARAHAN: I have just received an explanation from Pennsylvania concerning their stocks at La Crosse, which you believe to have been shipped prior to the official reopening of this point for consignments.

They state that this shipment was made to complete a contract taken prior to the suspension of consignment shipments. They regret that they did not inform us at the time of shipping the car what its status was and regret that their action was misconstrued.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

3692 *Government Exhibit 447–T1*

JUNE 19TH, 1930.

Mr. THOS. OXNARD,
Vice President, The Savannah Sugar Refg. Corp.,
Savannah, Ga.

DEAR MR. OXNARD: About your storage in Vicksburg, Miss., if it is used only on rail movements I cannot see why there should be any objection to your employing it. Certainly I would not complain. The main thing is that buyers in Northern Mississippi and Southern Tennessee who generally call for barge shipment should not be allowed the privilege of ordering rail movement out of warehouse as that would defeat our ability down here to meet the competition.

By the way, what are you hearing from Miami? After pressing the Institute I finally wormed out of them that Hershey openly announced they were meeting competition by allowing 5¢ handling charge on rail cars spotted to their customers' warehouses at that point. I talked to the other refiners in town here and they all deny vigorously that they have made any move except along the line of our previous announcement and that was payment to public draymen of drayage to buyers' store in certain cases and switching charges from wharf to buyers' store in other cases. Necessarily these methods of handling applied only to cars moving direct from refinery to customer. We know mighty well we stayed with it and did not allow anybody to make drayage or additional expense out of it, so think

the Hershey move is a cold-blooded attempt to run the rest of us out of that market.

Can you suggest any answer to what they have done?

Yours truly,

WM. HENDERSON.

(Henderson files.)

3693 *Government Exhibit 447–U1*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., June 23, 1930.

Mr. JOHN L. MANY, Jr.,
Wm. Henderson, 749 South Peters St., New Orleans, La.

DEAR MANY: Thank you very much for your letter of June 19th. This storage in Vicksburg, Mississippi, is only to be used on rail shipments for certain points in northern Mississippi and southern Tennessee where Memphis jobbers have branches. We, however, will not send any more sugar to Vicksburg after this stock has been exhausted.

In the second paragraph what you say about Hershey coincides with what we have been able to find out. You may judge what the Hershey competition has done to us in Miami when I tell you that on the turn of June 16th, in spite of the fact that we have been doing business in Miami for thirteen years and have the same broker with whom we started that we only secured 25 bags of business, which is not even a retail affair.

I am very hopeful that the new governing committee appointed by the Institute will be able to take steps to eliminate this sort of competition.

Very truly yours,

THOMAS OXNARD,
Vice President.

(Henderson files.)

3694 *Government Exhibit 447–V1*

[Interoffice memorandum]

JULY 9, 1930.

Mr. C. H. WHITE, Jr.,
(As advance information.)

I am informed by Mr. Patterson that the Revere Company has disposed of their consigned stocks at Toledo and the Institute intends to propose that all refiners' stocks at that point be cleaned up by July 30th and Toledo eliminated as a consignment point.

Please shape our course accordingly.

R. S. S.

(American files.)

3695 *Government Exhibit 447–W1*

JULY 11, 1930.

Mr. W. W. FRAZIER, Jr.,
Philadelphia, Pa.

Mr. M. B. MURPHY,
Chicago, Illinois.

DEAR SIR: I am advised that the Revere Company has disposed of their consigned stocks at Toledo and it is proposed that all other refiners' stocks be cleaned up by July 30th and Toledo completely eliminated as a consignment point. Will you please see that our situation is taken care of and very much oblige.

Yours very truly,

General Sales Manager.

CHW. Jr: NC.
(American files.)

3696 *Government Exhibit 447–X1*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, Oct. 13, 1930.

Mr. R. S. STUBBS,
Vice President The American Sugar Refg. Co., New York.

DEAR MR. STUBBS: Thinking that if the Sugar Refiners operating in Texas would be petitioned thru the Sugar Institute by the Texas Wholesale Grocers' Association to discontinue the carrying of consigned stocks in that state would accomplish some good, I was successful in getting Mr. Hanna, the Secretary of the Texas Wholesale Grocers' Association, to write the Institute as per attached copy of letter herewith.

I imagine that you can now follow this up and put a few additional punches into the proposition which should do it some good.

As the consigned stocks are also beginning to spread in Ark., when in Fort Smith I entrusted our representatives there, in conjunction with the wholesale grocers at that point, to write to Mr. Davis, who is the Secretary of the Arkansas Wholesale Grocers' Association, and request of him that he write a similar letter to the Institute and petition the refiners doing business in Arkansas to discontinue their stocks there also.

I furnished a copy of the enclosed letter as a guide for Mr. Davis to proceed on. If this last gesture of mine fails to accomplish any results, I am frank to admit I am at my wit's end as to what to do further, and would appreciate any suggestions that you have to offer.

I can say to you that the jobbers in Texas to whom I talked, as well as the jobbers in Arkansas and Oklahoma, are very much opposed to the carrying of consigned stock, and it does look like the

refiners should observe the feelings of these grocers from whom they get their business.

Yours very truly,

H. H. BARKERDING,
Sales Manager.

(American files.)

3697 *Government Exhibit 447–Y1*

NEW YORK, N. Y., *October 18, 1930.*

Memorandum from Godchaux Sugars, Inc.; Consignment Situation, States of Illinois and Missouri

I am presenting this memorandum as to our company's position in the States of Illinois and Missouri by reason of there pending before the Executive Committee an action of the Board of Directors of the Sugar Institute taken at the meeting of September 25th reading as follows:

"It was moved and unanimously voted to refer the matter of consignments to the Executive Committee for study and recommendation, with the request that they confer with the Domestic Sugar Bureau and Traffic Committees of both Institute and Bureau."

From time to time, when discussions have been held as regards consignment points, there has always been raised in such discussions the fact that the consignment point situation in Western and Southern United States cannot be solved unless some action were taken as to a change on the part of our Company in its *sales policy* in the States of *Illinois* and *Missouri* insofar as it concerns the *selling of sugar from spot stocks.*

I therefore present this memorandum so that all at interest can be fully informed as to the reasons for our present policy as to spot stocks in Illinois and Missouri and the necessity of our continuation of same.

Godchaux Sugars, Inc., have for many years had a sugar refinery in the port of New Orleans, and for many years prior to that were established in Louisiana as one of the largest distributors of white sugar. In the normal course of its distribution its sales covered the South and Middle West. Our Company's normal distributive outlets have in recent years been materially disturbed through the fact of certain west-coast refiners and the Hershey Company entering aggressively in the distribution of sugar in South by way of the port of New Orleans, which action was initiated in the fall of 1926 and early in 1927.

Also, at approximately the same period of time the Savannah Sugar Refining Co., by reason, as I understand, of the aggressive selling of sugar by the East Coast refiners in the Carolinas and Georgia, were forced to more aggressive merchandising in the South-

ern group of states and instituted rail shipment at the barge rate to these certain states for the benefit of the broadening out of their distributive territory, with the result of still further forcing our company as to increasing its distribution in more northerly territory.

Sugars are sold in what is known as the Mid-western territory on what is termed the guarantee form of contract, but during the years of 1925 and 1926 and up to August 1927 our company's executives, by reason of the action of its Board, were not permitted to solicit business on the guarantee form of contract, and were compelled, by reason of the need of sales distribution as brought about by
3698 the additional competition in the Southern territory, to evolve sales methods for obtaining distribution in the mid-western territory, without being able to meet the competitive guarantee selling terms of others.

This caused our company in the latter part of 1926 and early 1927 to institute an agressive sales campaign in the states of Illinois and Missouri by placing at what we felt were strategic points on those states consigned stocks to *permit buyers to obtain sugar from us without a guarantee contract and yet without material market risk.* The building up of this type of distribution caused the sugar dealers and large jobbers to discriminate against our company's merchandise, so that our company became dependent for distribution in Illinois and Missouri on sales to chain stores, manufacturers, and the smaller jobbers and sugar distributors.

This situation has established for our company a definite clientele in these states, which any change of merchandising policy would completely destroy and would so mitigate against our company's distribution of its merchandise as to impair its standing in the industry.

We feel that the situation in these two states as to the present methods of distribution of refined sugar insofar as our company is concerned are no different from what they were at the formation of the Institute in January 1928. Our company is one of the companies showing a material decrease in its volume of distribution so far during the year 1930, as compared with its distribution during the years 1928 and 1929, and, in fact, stands today in relatively the same position on volume as it did during the year of 1927 just prior to the formation of the Institute. I am mentioning this to show that any policy which our company may be pursuing in the states of Illinois and Missouri in regard to the distribution of its merchandise is not one of ruthless competition but only one of self-defense to hold our position in the sugar distribution in the United States.

In further amplification of this question, using 1927 as our basis (and I use this because, as previously stated, it is a direct reflection of our distributive situation at this time in 1930, when this subject matter is up for discussion), our distribution of sugar in the states of Illinois and Missouri for 1928 shows approximately ½ of 1% increase over 1927; for the year 1929 it showed slightly over 6%

increase over the year 1928; this, as against the sales of all refiners in the States of Illinois and Missouri showing over 10% increase in the year 1929 over 1928.

In further amplification of this question, I desire to bring attention to the following which I quote from the Sugar Institute records as of the date of its first issuance of the report on consignment points in the states of Illinois and Missouri:

	Illinois	Missouri
Cities listed as consignment points 10/24/28	55	18
Of these there were used by Godchaux as of that date	31	9
3699 Cities listed as consignment points as of October 1930	74	53
Of these there are used by Godchaux as of this date	45	26

A percentage application of the above indicates that as of the origin of the Institute, Godchaux had consignments at approximately 60% of the points in Illinois, and today, it still has consignments at approximately 60% of the points in that state.

In Missouri, as of the origin of the Institute, Godchaux had consignments at 50% of the points in that state; as of today Godchaux still has consignments at 50% of the points in Missouri.

During the last eighteen months, there has arisen further amplification of the methods of distribution in the state of Illinois based on announcements made by certain Eastern refiners that they would make direct rail shipments on non-guarantee contracts at the barge rate. As all of our sugars sold from consignment points are with the application of the rail rate, this has permitted these refiners to build up a clientele of sugar dealers and placed these sugar dealers in an unduly advantageous position, which they are utilizing to the extent of placing sugar on consignment with jobbers for withdrawal within a 42-day period, with the application of the rail rate, on the usual refiner's guarantee form of contract, and, in many instances, the sugar dealers pay the jobbers storage consisting of one half of the 10¢ saving representing the difference between the barge and rail rates.

There is also the distribution of West Coast sugar via the port of New Orleans, the sugars moving to many central jobbing points in Illinois and Missouri by direct barge movement, which sugars formerly reached these points by rail movement from the West Coast. These sugars move by barge on non-guarantee contracts at the barge rate. As an illustration, at St. Louis, large buyers now have west coast sugars delivered to them at the barge rate, which rate is as much as 22¢ per cwt. below the prevailing all rail rate to interior Missouri points, with the results of building up truck distribution from St. Louis to all surrounding Missouri territory and correspondingly in Illinois from the large center.

I am mentioning these facts not as a complaint or criticism of them but simply in explanation of the presentation of our company's situation as outlined herein, namely, they are just one more of the many things which prevent any possibility of our company changing from its long established sales policy and method of distribution in these states.

In summarizing, I desire to say that as long as our company continues its policy of merchandising on the basis of a full compliance with the Code of Ethics of the Sugar Institute and in a spirit of utmost fairness to our competitors, even though it is apparently mitigating against its volume thereby, as compared with previous years, that the question of its methods of distribution must be considered from our distributive position at the time of the formation of the Institute, and we feel sure that a careful reading of the facts disclosed herein will convince all at interest that our company's
3700 position remains unchanged from that of the period preceding the formation of the Institute, and that our merchandising methods then in force are still in force.

I am therefore compelled to say that while our company would be more than pleased to enter into any discussion in reference to the general question of consignment points, such discussion must be entered into with the understanding on the part of all concerned that it does not include in such discussion for our company the states of Illinois and Missouri.

(Henderson files.)

3701 *Government Exhibit 447–Z1*

NOVEMBER 3, 1930.

Mr. W. C. RHODES,
Lamborn & Co., Inc., 135 2nd Street, Philadelphia, Pa.

DEAR SIR: We are enclosing herewith for your information a copy of the Traffic Committee's Recommendation approved by the Executive Committee on September 25, 1930, for the handling of consigned stocks.

These rules and regulations are being submitted to the Domestic Sugar Bureau and if approved, which they no doubt will be, it remains only for the Executive Committee to determine the effective date of their operation.

May we call your particular attention to rules No. 1, 3, 4, 6, and 7?

If there is anything concerning these rules that you do not understand, please advise us and we will endeavor to assist you.

Yours very truly,

R. S. DELACY.
H. B.

(McCahan files.)

Traffic Report on Storage in Transit and Transit Billing: Mr. Taylor read the following report from the Traffic Committee:

"The Traffic Committee recommend to the Executive Committee that the following rules involving transiting of sugar be adopted by each refiner:

(1) Shipments to storage in transit points shall be consigned direct to refiners, in care of brokers or warehouses.

(2) Bills of Lading shall carry the words "For Storage in Transit."

(3) Transit Billing on refiners' consignments shall be registered in the name of the refiner.

(4) Transit Billing shall not be transferred to any other party.

(5) Shipments from storage-in-transit stocks are to be made only in the name of the interested refiner.

(6) Inspection Bureaus and The Sugar Institute are to be furnished with the names of representatives or warehouses authorized to sign shippers' Transit Certificates and Bills of Lading for the account of the refiners at each storage-in-transit point.

(7) Brokers and Warehouses shall be held directly responsible for the proper use of transit billing.

(8) Bills of Lading covering movements from storage-in-transit points shall give itemized list of grades, lot numbers, and reference to Transit Bureau or carrier's identifying record.

(9) Shipments from storage-in-transit points under transit tariffs shall be forwarded from transit points with freight charges prepaid. If, at refiner's election, freight charges are prepaid by the broker or warehouse, refiner should reimburse such broker or warehouse only upon receipt of paid expense bill.

(10) The brokers, warehouses, transit bureaus, carriers, and carriers' agents at transit points shall be specifically notified of the procedure outlined above.

(McCahan files.)

3709 *Government Exhibit 449*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 1st, 1928.

HERSHEY SUGAR CORPORATION,
Hershey, Pa.

(Attention Mr. Perry.)

GENTLEMEN: Referring to your telephone message to my office, I would say that the Sugar Institute would be glad to notify you of price changes in the future. Please furnish us with exact address, both for telegrams and for mail.

It is the practice for the first refiner making a change in price to notify me before 3 P. M. of the day before the price becomes effective. It is this first notice which is sent promptly to all members of the Institute and will be sent to you.

Other refiners usually follow price changes, either in whole or in part. It it impracticable to send out notices of all these changes. The notice of the first price change, made before 3 P. M., gives each refiner notice that a general change is probable, and with that notice he is supposed to keep himself informed of subsequent events through the ordinary commercial channels.

I take this occasion to express my appreciation of the way the Hershey Corporation is cooperating with the Institute and to assure you that any information or service, except that confidential to our members, is at your disposal.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

3710 *Government Exhibit 450*

[Telegram]

JANUARY 20, 1928.

SIDNEY BALLOU,
California & Hawaiian Sugar Co.,
San Francisco, Calif.:

Executive committee recommends that no contracts be taken from anybody for delivery beyond thirty days. Is there a prospect of your readjusting your differentials in accordance with new eastern schedule? We are particularly interested about differential on coarse granulated.

JAMES H. POST.

3711 *Government Exhibit 450–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 1st, 1928.

HERSHEY SUGAR CORPORATION,
Hershey, Pennsylvania.

GENTLEMEN: The matter of making sales contracts calling for deferred deliveries in excess of thirty days is one that has been the subject of a great deal of discussion in the Sugar Institute. As a final result, the Institute has recommended to its members that no contracts be made with deliveries longer than thirty days.

The reason for this recommendation is set forth at length in a letter from the Institute to the Pacific Coast refineries, a copy of which I enclose herewith.

Following this, however, it appeared that C. & H. had already committed itself to the continuation of its former policy of selling sugar on deferred deliveries to Canners only. I notified you of this under date of February 24, in order that you might have the same opportunity as members of the Institute to meet this competition in Pacific Coast states only.

Except on the Pacific Coast, the recommendation of the Institute is being followed by members of the Institute.

We have recently been notified by one of our members that your corporation is soliciting deferred business on the basis of a 5¢ carrying charge and has made one sale of 5,000 bags equal quantities for five months on that basis.

This is, of course, your privilege if you do not wish to conform to the practices of the Institute, but in view of your expressions of cooperation, I feel privileged to ask a statement of your present situation and attitude on this point.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

3712 *Government Exhibit 450–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 17, 1929.

MR. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 South LaSalle St., Chicago, Ill.

DEAR MR. DOUGLAS: With reference to the delivery on June 7th of sugar for National, due on a contract of March 6th, I would say that this is *one of several such deliveries from various Eastern refiners under very unusual circumstances which are not likely to recur.*

Under terms existing March 6th, which are no longer open, the Eastern refiners sold a considerable quantity of sugar for water

shipment at customer's request. About the time of the opening of navigation water conditions in the New York State Barge Canal became such as to tie up all barge movement.

This condition remained so serious that application for relief was made to the Interstate Commerce Commission by the grain interests and the railroads were authorized to grant an emergency reduction in rates in order to move the grain which could no longer be moved by water.

The same barges which were unable to deliver grain at New York were the barges upon which the Eastern refiners had relied to make their sugar shipments under their commitments of March 6th. *As the refiners were not able to make shipments during the contract period due to no fault of their own or the customers, but solely to an act of nature over which they had no control, the Institute ruled that such shipments could be made as fast as barges were available, all refiners filing a list of their over-due commitments with the Institute.*

This is the explanation of the belated delivery in Milwaukee and all other similar instances of which you may hear.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(The Sugar Institute, Inc., files.)

3713 *Government Exhibit 451*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 18, 1929.

Mr. J. MOOG.
Mr. H. G. THOMPSON.
Mr. W. S. BARTLETT.
Mr. M. B. MURPHY.

GENTLEMEN: At the last Directors' Meeting the following Committee was constituted to consider and report on recognized consignment markets in Southern territory: Messrs. Moog, Thompson, Bartlett, Murphy.

I assume that in accordance with the usual custom, the first-named gentleman is the Chairman of the Committee, at least for the purpose of calling the Committee together and organizing them.

Any assistance desired from the executive offices of the Institute will, of course, be furnished on request.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

(American files.)

3714 *Government Exhibit 451-A*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, April 25, 1929.

Mr. C. H. WHITE, Jr.,
The American Sugar Refining Co., New York City.

DEAR MR. WHITE: Hereto I am attaching a copy of a communication of April 18 by Judge Ballou, Executive Secretary of the Sugar Institute, Inc., addressed to those who are to act as a Committee to consider and report on recognized consignment markets in the Southern territory.

The meeting of this Committee was held in New Orleans on April 23, and herewith I am enclosing a copy of the report.

At the opening of this meeting, I presented what I desired understood to be the preferred system of marketing this commodity, namely, in deliveries in carload minimum quantities as prescribed by the tariffs applying to the various States.

There was some disposition to have certain points continued as recognized consigned stock points, although after some discussion it was concluded that all consigned stocks, with the exception of Refinery and Port points, be eliminated; otherwise the general purpose of the plan would be defeated.

I believe this report is self-explanatory, although, if there are any issues that have not been covered, will be very glad to develop them for you. Please pass this on to Mr. Ripley, also, as I know he likewise is very much interested in this program.

Kindly suggest to Mr. Ripley also that he postpone any action with respect to the change in the tariff as pertaining to the 20% clause in Texas. In other words, I have in mind it would be better not to raise this question again until it has finally been agreed to eliminate all consigned stocks in Texas.

(American files.)

3715 In dealing with the Texas, Arkansas, and Oklahoma situation, there were some of our friends who were not very kindly disposed toward adopting the 60,000-lb. minimum on sugar, whereas they would have preferred continuing the present mixed-car plan. Finding it rather impossible to have the mixed-car plan eliminated entirely at this time, I held out for the adherence to the minimum on sugar as provided in the tariff to apply in these States, as well as other discussed. In other words, after the adoption of the plan recommended, a buyer in Texas must specify the prescribed minimum of 60,000 lb. of sugar whether the car moves as a straight sugar shipment or whether syrup is included. In the case of a mixed car, the syrup, molasses, etc., must be over and above the weight of the sugar, namely, 60,000 lbs.

I am confident the adoption of this plan will result in the delivery of more straight cars of sugar and, as a consequence, more direct

deliveries of syrup and molasses by the various packers of these commodities.

If this program is endorsed by the Board of the Sugar Institute, Inc., and other interested parties pursue the same course, I believe that something well worth while has been accomplished; and it should be a comparatively short time thereafter until it will be possible to have in effect the same merchandising principles applying thruout the country.

Frankly, I welcomed this opportunity of participating in this meeting, as this Committee had to deal with a subject that has been uppermost in my mind for some time. The abolishment of consigned stocks will eliminate one of the greatest evils in connection with the marketing of this commodity, not only insofar as Refiners interested are concerned, but likewise those of the trade.

With kind regards,

Very truly yours,

M. B. MURPHY,
Sales Manager.

(American files.)

3716 *Government Exhibit 451–B*

[Memorandum]

SAVANNAH SUGAR REFINING CORPORATION,
April 29, 1929.

To W. S. P.
From T. O.

I am attaching memorandum of letters to Judge Ballou, Mr. Bartlett of Colonial and the recommendations of the consignment committee as formulated in New Orleans last week. You will notice that these recommendations are rather drastic in that they eliminate practically all brokers' consignments in the Southern territory. North Carolina and South Carolina were not considered Southern territory as I pointed out to the people there that most of the competition we had in these two States came from refiners in the East. Illinois and Indiana while coming under the territorial definition of Southern territory were not considered because those two States are tied up in the whole situation of sugars moving from New York to Chicago via private charter, and until this condition is corrected it is rather hard to determine what points should be consignment points.

The general idea followed was to *cut consignment points down to the bone.* It was felt that if various cities in a state were picked as consignment points and other cities were excluded it might be hard to satisfactorily explain to the customers and Chambers of Commerce in the cities excluded as to why their town was left out. It was therefore felt best to limit consignments to ports of entry for the convenience of Hershey and the C. & H. and to cities where

refineries were located. In Georgia, for instance, the only points where brokers' consignments are contemplated are at Brunswick and Savannah. The trade consignment situation in this State, however, will not be disturbed. It is contemplated that no consignments at all be carried in Kentucky and Tennessee, except that reshipping will be allowed in carload lots from Memphis on barge shipments to that city.

The only obstacle I see in cutting out all consignments in Kentucky will be the question of the National's relations with Pickrell and Craig.

If this is approved by the other members, together with Hershey and the C. & H., I think that it will result in a material saving for this Company. Our consignment expenses are increasing year by year, and under this proposed plan most of our business will be done on a direct basis. It may turn out that in some localities we will lose business and in others gain. It is difficult to tell right now just what the ultimate effect will be, but on the whole I think it will be beneficial to us and well worth trying for a period of months.

(Arbuckle files.)

3717 *Government Exhibit 451–C*

3718 *Recommendations.*—It is recommended that there be accepted for consignment purposes, only refinery points, namely, those points where refineries are actually located, and/or ports of entry, namely, those cities specifically enumerated in each state. Deliveries from refinery or port of entry points may be made for local delivery in less than carload quantities, or for carload forwarding at the established carload minimum weight.

Storage in transit points as enumerated by states to be established only for minimum carload forwarding, or deliveries in carload quantities by switch movement of carriers.

Definition of minimum carload forwarding.—All contracts of sale of sugar for carload forwarding are to specify that delivery must be made in a minimum quantity of sugar at the established carload minimum applying on sugar to the territory covered by the contract.

Pool cars.—In the case of pool cars, shipment will be made in the name of one of the customers interested and as indicated on the bill of lading.

Restrictions.—The Sugar Institute membership and the Domestic Bureau membership shall control shipments of sugar to dealers or others in the hereindescribed Southern Consignment Territory to prevent the breaking down of the recommended rules as to consignments.

3719 *Recognized consignment markets.*—There are to be no consignment markets in any of the following states except at Refinery, Port of Entry, or Storage in Transit points herein enumerated in detail.

[List omitted in printing.]

(Savannah files.)

3720 *Government Exhibit 451–D*

[Telegram]

SAVANNAH, GA., *May 16, 1929—9:24 a. m.*

Judge SIDNEY BALLOU,
The Sugar Institute, Inc., 129 Front St., New York, N. Y.:

Will you please telegraph me whether Hershey has agreed to discontinue storing in brokers' warehouses and discontinued shipping sugars on consignment to brokers?

W. S. PARDONNER.

3721 *Government Exhibit 451–E*

[Telegram]

SAVANNAH, GA., *May 17, 1929—10:09 a. m.*

Judge SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Very necessary have immediate reply our telegram yesterday regarding Hershey, otherwise it may be necessary for us to backpedal in position already concurred in by us. Apparently impossible wait until meeting twenty-ninth.

PARDONNER.

3722 *Government Exhibit 451–F*

[Telegram]

MAY 17, 1929.

Mr. WILLIAM S. PARDONNER,
Savannah Sugar Refining Corporation,
Savannah Bank & Trust Company Bldg.,
Savannah, Georgia:

Proposition recently put up to Hershey is receiving their earnest consideration Stop. Have had two long interviews with Pike and hope for early and favorable result Stop. Meanwhile, as trades requirements are fully booked for thirty days, do not understand pressing necessity for action Stop. If you will explain fully how you are losing business by a few days delay, and can specify instances, I may be able to use this information to get earlier decision Stop. Please write fully Stop. It is, of course, inconceivable that after having forced election on the trade involving in many cases considerable pecuniary loss in disposing of warehouse or merchandising business that there should be any backpedaling without the most disastrous results Stop. Our legal position now believed to be sound, but if any deliberate nonenforcement could be proved in any one instance it would become wholly indefensible.

THE SUGAR INSTITUTE, INC.

3723 *Government Exhibit 451–G*

[Telegram]

SAVANNAH, GA., *May 17, 1929.*

Judge SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Your telegram concerning Hershey are being placed at a serious disadvantage through our inability to replenish brokers' stocks while they can Stop. This more especially since trade who booked on turn last week complaining that they were misled in that they can withdraw Hershey sugar from brokers' stocks while must take ours direct or less carload shipments Stop. We have definite advices Hershey subbrokers going around telling trade they are going continue retain brokers' stocks, that *Hershey is not member of Institute and will look out for interest small jobber and broker* Stop. Whether or not this is official attitude of Pike and Company their agents give this impression to trade and the effect is to make them feel that Institute members trying to make it hard for small jobber and broker while Hershey stands up for them Stop. To New York members Hershey may seem minor factor but your records will show that Hershey
3724 is as much of a factor in the Southeast as Candh is in Middle West Stop. Situation further complicated by fact that many southern cities have no public warehouses and we have persuaded several our brokers not to elect being warehousemen as we were given understand recommendation southern consignment committee would be adopted shortly and most consignment points eliminated and we did not wish mislead our brokers Stop. Now, with refusal Colonial accept committee recommendation it may be July meeting before consignments cut out Stop. To meet competition we may be forced to turn brokers into warehousemen temporarily and turn them back into brokers when consignments eliminated Stop. In meantime Hershey is filling up their brokers' consignments while trying to make up their mind Stop. Regard situation as acute and will appreciate reply not later than Monday.

PARDONNER.

3725 *Government Exhibit 451–H*

[Copy of telegram]

[Copy]

MAY 18, 1929.

W. S. PARDONNER,
Savannah Sugar Refining Company,
Savannah Bank & Trust Bldg., Savannah, Ga.:

Your telegrams referred to Enforcement Committee Meeting Monday afternoon and to counsel for legal effect of failure to enforce telegrams of May second. Personally I think sales disadvantages de-

scribed which are probably only temporary are unimportant compared with question of good faith towards associates. Spreckels has stated that his new corporation will not apply for Institute membership until he is satisfied that *agreements deliberately made* around table will be kept and I am getting discouraged over amount of persuasion necessary to make heads of organizations keep their most important and critical agreements upon which associates have acted as soon as their Sales Departments report any competitive disadvantage.

SIDNEY BALLOU.

3726 *Government Exhibit 451–I*

[Telegram]

MAY 29, 1929.

At Institute Directors meeting it was decided to make Southern Consignment committees report effective June tenth in States of Texas and Oklahoma. This means consignments carried only at Houston and Beaumont as ports of entry and Sugarland, Texascity as refinery points and only Waco, Dallas, and Amarillo, Tulsa, Oklahoma City used as storage in transit points. Deliveries from refinery or port of entry points may be made for local delivery in less than carload quantities or for carload forwarding at minimum weight of sixty thousand pounds of sugar Stop. Delieveries from storage in transit points only in carload quantities of sixty thousand pounds of sugar by switch movement of carriers Stop. Suggested but not decided that Less carload deliveries might also be eliminated at ports of entry Stop. Remainder of states covered by committees report still under consideration.

THE SUGAR INSTITUTE.

3727 *Government Exhibit 451–J*

[Telegram]

JUNE 8, 1929.

Judge SIDNEY BALLOU,

The Sugar Institute, Inc., 129 Front Street, New York, N. Y.:

New Orleans Texas refiners do not feel that Oklahoma consignment situation should be treated separately from Texas Stop. Henderson and ourselves and I believe in all probability American would be willing waive privilege of putting syrup in cars of sugar but Texas refiners will not waive this privilege as feel they cared for this situation by agreeing to minimum six hundred bag carload sugar; Texas refineries advise however they will join with New Orleans refiners in petition to rail carriers asking that present mixed car privilege syrup and sugar be withdrawn Stop. This would undoubtedly be approved by railroads where requested by all refiners Stop. Please take up with American; see if they agreeable

to above, if so, then suggest convey this information to candy; see if they willing basis above agree on effective date discontinuing consignments Texas Oklahoma as recommended by southern committee.

J. MOOG.

(Godchaux files.)

3728 *Government Exhibit 451–K*

[Telegram]

JUNE 13, 1929.

At meeting of Executive Committee it was recommended that report on Southern Consignment Points as appearing in Minutes June sixth be made effective with exceptions noted below after Saturday June fifteenth by making no shipments after that date to other than consignment points, thus recognized subject only to existing commitments States covered by this recommendation are Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia Stop. Exceptions above referred to are Texas, Oklahoma, Arkansas as to which effective date is postponed Stop. General recommendation as to pool cars amended to read as follows: Quote No sugar should be shipped in pool cars except in accordance with valid sale contract confirmed prior to shipment.

THE SUGAR INSTITUTE.

3729 *Government Exhibit 451–L*

[Telegram]

SAVANNAH, GA., *June 17, 1929—3:06 p.*

Judge SIDNEY BALLOU:

The Sugar Institute Inc., 129 Front St., New York, N. Y.

Do general recommendations southern consignment points June thirteenth regarding pool cars mean that it is permissible ship *pool cars* care of broker?

W. S. PARDONNER.

3730 *Government Exhibit 451–M*

[Telegram]

JUNE 17, 1929.

Mr. W. S. PARDONNER,

Savannah Sugar Refining Co.,

Savannah Bank & Trust Co., Savannah, Ga.:

Executive Committee's modification of Southern Consignment Committee's recommendation was intended to allow refiners to ship pool cars to their own order, care of the broker, so that broker could control distribution and collection from cash customers. Note limitation that entire car must be in pursuance of valid sale contracts

confirmed before shipment. This limitation *designed to prevent shipping of any unsold sugar to order of refiner or broker, thereby practically making a consignment.*

THE SUGAR INSTITUTE.

3731 *Government Exhibit 451–N*

[Telegram]

SAVANNAH, GA., *July 3, 1929—3:27 p.*

J. MOOG,
Godchaux Sugars, Inc.:

Our broker Dothan, Alabama, has complained several times since June fifteenth Godchaux sugar arriving there on consignment. Now states Wabash seven seven naught six naught arrived Southeastern Compress Co. *on consignment July first.* Will appreciate your investigating.

THOMAS OXNARD.

(Godchaux files.)

3732 *Government Exhibit 451–O*

[Telegram]

JULY 3, 1929.

THOMAS OXNARD,
Savannah Sugar Refining Corporation, Savannah, Ga.:

Investigation shows that all sugar shipped Dothan since June fifteenth was sugar specified and listed at the refinery for shipment prior to that date, the forwarding of which was delayed due to tremendous amount of orders received there and following week for completion contracts May tenth. This similar situation which arose with your shipments Dothan as per your correspondence with our Mr. Bertoniere in May. Can assure you there is *no intention violate consignment ruling.*

J. MOOG.

(Godchaux files.)

3734 *Government Exhibit 451–P*

[Telegram]

NEW ORLEANS, LA., *Aug. 5, 1929—12:58 p.*

WALTER S. BARTLETT,
Vice President, Cuban Amn. Sugar Co.,
136 Front St., N. Y.:

Savannah propose reinstituting brokers' warehouses Carolinas, Georgia, Alabama, Birmingham, and East Stop. Florida, Tennessee, east of Jackson Stop. Four-payment plan Georgia Stop. In Tennessee east of Jackson any buyers taking direct rail shipments and thereby saving them storage expense, will be made a storage allow-

ance Stop. *Sincerely trust action on least this last item can be put off until after meeting next week.*

J. MOOG,
Vice President, Godchaux Sugars, Inc.

(Colonial files.)

3735 *Government Exhibit 451–Q*

[Telegram]

SAVANNAH, GA., *Aug. 5, 1929—3:24 p. m.*

W. E. FOSTER,
American Sugar Refining Co., 117 Wall St.,
New York, N. Y.:

In accordance with *authority granted us at Institute meeting last Friday to meet competitive conditions* Savannah will resume brokers consignments in North Carolina, South Carolina, Georgia, Alabama, and Florida. Stop. They will resume trade consignments in Georgia; they will resume brokers consignments in Kentucky at Louisville, Henderson, Madisonville, and Owensboro. Stop. They will resume brokers consignments in Tennessee in Nashville, Knoxville, Johnson City, Morristown, and Bristol. Stop. We have been offered contracts by several firms, some under the market and others carrying advertising allowances stretched over a period of time; we have accepted none of them and wish to state emphatically we have no intention accepting any contracts of this nature.

SAVANNAH SUGAR REFINING CORPN.

(American files.)

3733 *Government Exhibit 451–R*

[Telegram]

NEW YORK, N. Y., *Aug. 6, 1929—3:17 p. m.*

J. ORSON DOUGLAS,
1922 North Highland Ave., Hollywood, Calif.:

Savannah has not withdrawn from Institute, but by approval of directors meeting Friday is permitted to meet Hershey and other competition in Southern territory that involves reestablishment of consignments to brokers in certain districts Stop. We wired your office this morning copy Oxnard's telegram describing points in which consignments being restored.

SUGAR INSTITUTE.

(Institute files.)

3736 *Government Exhibit 451–S*

[Telegram]

SAVANNAH, GA., *August 7, 1929.*

FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Complaint about Hershey. He did not discontinue shipments to brokers on consignment their warehouses after agreeing to dis-

continue, also did not discontinue shipping to trade on consignment in Georgia after agreeing do so. They claimed they had to continue for awhile under certain contracts, but after these contracts were completed they still kept on. Another complaint, they shipped on consignment to a broker and permitted broker to divert cars to jobber's warehouse and pass storage on to jobber. We saw receipt for twenty dollars or five cents per bag on four hundred bags from a jobber in Macon, Georgia, for storage. We also saw twenty-eight hundred bags shipped consigned to a broker in Augusta, Georgia, last week. Full details of everything we complained about at meeting of Institute will be sent to you on Oxnard's return from Atlanta.

B. O. SPRAGUE.

(Savannah files.)

3737 *Government Exhibit 451–U*

[Copy of telegram]

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa., August 14, 1929—3:00 p.m.

VINCENT AND SURRENCY,
Jacksonville, Fla.:

Understand Savannah has not insisted delivery five-cent contracts; trade here complaining our forcing delivery.

NM.

(McCahan files.)

3738 *Government Exhibit 451–V*

AUGUST 15, 1929.

VINCENT & SURRENCY,
Jacksonville, Fla.

DEAR SIRS: We confirm exchange of telegrams under date of 14th concerning the subject of contract enforcement in your territory, confirmation copies R–5025 and S–3297 attached.

As outlined in our telegram to you, there was quite a spirited session of the Institute last week in discussion of this subject of contract enforcement. Savannah were particularly indignant about some of the activities of Hershey throughout the States of North and South Carolina, Georgia, Alabama, and Florida. In view of the fact that a great many of Savannah's claims against Hershey and Pike, their selling agents, were substantiated, the Institute decided that it would be in order for Savannah to make an open announcement of their attitude on this subject of contract enforcement. Savannah were joined in their stand by Colonial, but, with the exception of these two refiners, all the others definitely agreed to present a united front on this question and go through with rigid enforcement of the time of delivery as written into the contracts.

It is to be regretted that such a situation arose, but the Northern and certain of the Southern refiners, in having taken a firm stand on

this question, hoped to demonstrate to Savannah and Colonial that the thing could be done, and hoped to set the example so that these two refiners would fall in line at the time the next contracts come up for enforcement. It is confidently felt that on this next occasion Savannah and Colonial will join with the other refiners in adhering to a policy of strict enforcement.

Yours very truly,

WM. O. STANTON.

(McCahan files.)

3739 *Government Exhibit 451–W*

[Copy of telegram]

THE W. J. McCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa., Sept. 14, 1929.

VINCENT & SURRENCY,
Jacksonville, Fla.:

Answering wire regarding contract enforcement, regret undoubtedly there exist grounds for complaint of Savannah's nonenforcement. Stop. During consideration this question at Institute meeting Savannah maintained could not rigidly enforce deliveries in southern territory account failure Hershey to do so, though agreeing make strong effort obtain specifications. Stop. All other refiners except Hershey Colonial agreed without exception to enforcement and feel sure our position no different than that all other refiners with these two exceptions. Stop. Feel confident that before expiration next contracts these two refiners also will be in line.

WOS—HB.

(McCahan files.)

3740 *Government Exhibit 451–X*

AUGUST 21ST, 1929.

Special Meeting to Consider Irregular Trade Practices in Southern Territory

A Special Meeting was held in the Board Room of the American Sugar Refining Company for the purpose of considering and correcting certain evils, particularly in the South and Southeast, which had been previously reported to a Directors' Meeting by Savannah.

Present: Messrs. Abbott, Cody, Bruyn, Raymond, Bartlett, Oxnard, Pike, Hagedorn, Perry, Crabb (American broker from Atlanta), also Messrs. Taylor and Patterson, of the Sugar Institute.

Mr. Taylor referred to the complaint of Savannah which had been registered at the Directors' Meeting of August 2nd, which resulted in a *formal action of the Directors permitting Savannah,*

or any other interested refiner, *to meet competition in certain Southern territory.* He stated that this had resulted in a return to storage in brokers' warehouses, and also at points from which consignments had previously been withdrawn, in various parts of the South and Southeast, and also a restoration of the so-called four-payment plan in the State of Georgia.

Mr. Taylor further stated that the object of the meeting was to consider the whole matter and *see if some concerted action could be taken to restore normal practices and eliminate various abuses which had resulted in a general breakdown.*

3741 To initiate the discussion he invited Mr. Oxnard of Savannah to restate the complaints upon which he asked the Institute's permission to meet competitive conditions. A detailed recital of specific instances of alleged violations of the Code of Ethics and previous agreements was given, the substance of which was that there had been no divorcement of brokers and warehouses by Hershey as provided for in our Special Meeting of June 5th and 6th, and that they had continued contrary to general understanding to consign sugars to jobbers warehouses at certain points under the 4-payment plan. He also claimed that various instances of warehouse abuse in the form of remitting storage on sugars that had gone direct to buyers and never entered warehouses had been discovered. He stated that this was true in the practice of both Hershey and Colonial.

The discussion which followed indicated that a great part of the difficulty had developed through misunderstanding, Mr. Pike of the Hershey Company explaining that he had never intended Institute members to understand that he had divorced brokers and warehouses, and he insisted that with relatively minor exceptions, due to delayed announcements, they had abandoned the 4-payment plan until it was restored by Savannah. Mr. Pike indicated a willingness to accept responsibility for the delays in issuing his instructions to the trade concerning the matter, but emphatically denied intention of taking any unfair advantage of the situation.

3742 It was suggested that there could probably be no advantage gained by discussing the various alleged irergularities inasmuch as the general problem was well understood, and that the meeting devote itself to formulating plans to restore normal trade practices. This idea meeting the approval of all present it was suggested that we enumerate our problems and get an expression from each interested party regarding methods of correction to be adopted.

It was stated that the first measure of regulation should be directed to the cleaning up of the warehouse situation which embraced:

(1) Discontinuing the use of warehouses in any way affiliated with brokers or buyers;

(2) Taking aggressive action to prevent payment of unearned storage on sugars diverted direct to buyer; or any other warehouse or transit abuses;

(3) Limitation of consignment points.

(4) Selection of warehouses that are beyond suspicion as to public character, and without suspicion of buyer or broker affiliations.

(5) Discontinuing 4-payment plan.

After further discussion it was the expressed unanimous opinion of the Meeting that each of these items should be included in the program of correction, and that it was only a question of how to proceed and when to make the necessary regulations effective.

3743 For reasons of alleged competitive disadvantage Mr. Oxnard stated that Savannah was unwilling to make immediate changes in either the 4-payment plan or the practice of storing in brokers warehouses. He further stated that he wanted the present arrangement to continue to one more turn in the market in order that he might regain certain psychological advantages that his Company had lost due to the practice of competitors on three previous price changes.

Considerable further discussion was had to reconcile differences of opinion on this matter, which finally resulted in the following suggestions which were adopted subject to the assistance of a disinterested committee consisting of Mr. J. P. Cody, Mr. Harry Worcester, and officers of the Sugar Institute.

(1) The meeting unanimously accepted the Southern Consignment Committee's report as a basis of consignment points to be continued after October 1st.

(2) It was *agreed* that in the meantime *they would ship only such sugars to other points as might be necessary to meet the requirements of orders in hand* with reasonable margin for assortments, and with the further exception that *Savannah* be permitted to restore consignments with brokers where they had already agreed to do so against the requirements of the next change in the market, but *not to exceed two carloads in any instance.*

3744 (3) That each member submit to this Special Committee a report of stocks on hand at the various points as of August 21st, 1929, and report any additional shipments that may be made to complete contracts or fill assortments to any such points.

(4) Each representative pledges his Company to avoid the intentional storing of quantities that will result in surplus on October 1st in other than consignment points recommended by the Southern Consignment Committee, and at such date will report the existence of any surplus to be circularized to other interested members with the *understanding that they may ship sufficient quantity to equalize such surplus* if they so desire.

Between this date and the effective date of the regulations, October 1st, the same Special Committee referred to are requested to supply a list of warehouses about which there can be no question as

conforming to the Institute's regulations. It being understood that each refiner interested will accept the recommendations of this Committee.

The question of prevalent abuses that may continue pending the ultimate settlement of the whole matter was again brought to the attention of the meeting. It was thought that the principal source of trouble would come from the collection of warehouse charges where warehouse service had not been rendered, and this Committee
3745 was requested to suggest a temporary regulation by which this abuse might be controlled pending the correction of the whole matter, and to provide for such other regulations as may seem desirable in the matter. The Committee was requested to submit such plans at an adjourned meeting to be held tomorrow, August 22nd, 1929.

The question arose as to whether Godchaux, Henderson, and C. & H. would follow the program suggested. Mr. *Abbott* stated that he thought there was no question as to C. & H. following as they had done so in every instance so far where our regulations had been made effective, and that he thought there was no question about Godchaux and Henderson. He stated that he would assume personal responsibility for communicating with them and gaining their cooperation in the matter.

The question of enforcing 5.25 contracts in this territory was also discussed, and both Hershey and Savannah reserved decision regarding the matter until the convening of the adjourned meeting.

Adjournment.—There being no further business the meeting was adjourned to meet at the Board Room of the American Sugar Refining Co., at 3 p. m. Thursday, August 22nd, 1929.

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

(Institute files.)

3746 Adjourned meeting

The adjourned meeting referred to in the foregoing convened at the Board Room of the American Sugar Refining Company at 3:30 p. m., Thursday, August 22nd.

Present: Messrs. Bartlett, Abbott, Cody, Bruyn, Raymond, Pardonner, Place, Oxnard, Pike, Sr., Pike, Jr., Hagedorn; and Taylor and Patterson of the Sugar Institute.

The Vice Secretary stated that the purpose of this meeting was to consider the report of the Special Committee which had been appointed to assist in working out suitable regulations to effectively carry out the purposes decided upon at the previous meeting. He stated that this Committee, represented by Mr. Cody, had presented a report which was read to the Committee, and with very minor corrections is as follows:

Memorandum

An informal meeting of representatives of the American, National, Arbuckle, Savannah, Hershey, and Colonial, presided over by the Vice Secretary of the Sugar Institute, Inc., was held in the Board Room of the American Sugar Refining Company on August 21st, 1929.

A committee to be composed of persons considered more or less disinterested in a competitive way, in the so-called "Southern territory", was proposed to act as "A Committee of Recommendations" before the Sugar Institute, Inc.

The following were selected for this committee, and shall be known as the Southern Consignment Committee:

Messrs. Worcester, Ballou, Taylor, Cody.

The committee was instructed to report to the Sugar Institute, Inc., the recommendations of this group regarding a policy governing consignments in the states of Florida, Georgia, South Carolina, North Carolina, Alabama, Mississippi, Louisiana, Tennessee, 3747 and southern Kentucky. Louisville, Ky., is being investigated by the Enforcement Committee and action should await its recommendations.

The following recommendations were *unanimously approved:*

1. This policy to apply only to sugars on consignment for local delivery and not to sugars shipped on the Four Payment Plan, sugars held in store at recognized Ports of Entry, or at detention points for reconsignment in carload quantities.

2. Up to and including the next general buying movement, orders may be solicited for delivery within 30 days from stocks now on consignment or to be consigned to either public or brokers' warehouses in certain markets and under certain conditions to be set forth subsequently herein.

Shipments will not be limited as to quantity to the consignment points recognized in the Southern Consignment Committee's Report, which are as follows:

Jacksonville, Miami, Tampa, Pensacola, Florida; Savannah, Atlanta, Brunswick, Georgia; Charleston, South Carolina; Richmond, Norfolk, Virginia; Mobile, Birmingham, Montgomery, Alabama; Meridian, Mississippi; New Orleans, Louisiana; Memphis, Chattanooga, Nashville, Knoxville, Tennessee; Louisville, Lexington, Kentucky.

It was understood, however, that no consigned stocks exceeding 800 bags would be moved to brokers' warehouses at these points except to fill orders in hand, with reasonable margin for assortments, and that no stocks would be carried in broker- or buyer-owned or affiliated warehouses after the expiration of the adjustment period.

Immediately following the next market move all refiners will report to the committee the number of bags in stock and in transit to

each consignment point and the total number of bags sold (immediate removal and on contract) for delivery from each warehouse. If upon receipt of these reports the Committee finds a refiner has in stock and in transit to a specific warehouse an amount in excess of the orders sold for delivery from this warehouse, the Institute will advise interested refiners of the amount of such excess stock.

Up to and including the twenty-fifth day from date of the general buying movement refiners will ship only such sugar as is necessary to complete actual orders for grades out of stock plus an amount equal to the excess stocks specifically reported by the Institute.

3748 The absence of a report of excess stocks in any market will indicate no excess stocks. The last shipment to consignment at all such points should be made twenty-five days from date of next general buying movement.

3. Regarding the excepted points mentioned in the foregoing (No. 2) where there is no question of the independences of a public warehouse, refiners will continue to use it, subject to subsequent approval of the committee. Where there is a suspicion of a direct or indirect interest on the part of a customer or a broker, the refiner should take identically the same action as is recommended in the case of all warehouses in points other than those excepted in (No. 2).

4. At points where no sugar is now on consignment or in transit thereto shipments may be started at once and continue up to the date of the next general buying movement, with the following provisions: New consignment points which may be selected are to be reported to the committee before August 31st. Under no circumstances should the total of unsold stock on hand and in transit exceed 800 bags. Every shipment to such points should be reported to the committee. Following the next general market movement no additional shipments will be made other than assortments to cover actual orders for grades not in stock or in transit. As soon as necessary data is obtained the committee will approve a list of warehouses in excepted cities (No. 2), which lists will be circulated among interested refiners. After receipt of this list refiners will use their discretion as to the quantity they will consign to eligible warehouses in excepted cities (No. 2).

5. Necessary reports—Refiners should report to the committee immediately all stocks on hand or in transit to all points. From date of such report and up to and including the next market movement all additional shipments should be reported and reason for shipment to be given.

Immediately after next general market movement all stocks on hand, plus sugar in transit, should be reported together with total commitments against each warehouse.

6. The Committee shall recommend promptly a plan for prevention of diversion of sugar in transit by buyers or brokers

3749 without approval of refiners' sales departments, recommending also that no diversions be permitted where advantages

in freight rates or any other special advantages enure to the benefit of the buyer. As an emergency measure the committee submits an affidavit for the signature of the brokers, for which the following form is suggested:

Affidavit for Brokers

STATE OF _____
County of _____ *ss:*

_____ being duly sworn, deposes and says that he resides in the city of _____; that he is a merchandise broker and engaged in the sale of sugar for the account of _____ (insert name of refiner); that he is advised that _____ (insert name of refiner) desires to prevent the diversion of cars of sugar to customers' warehouses which have been shipped by said refiner, consigned to itself or to deponent; that deponent hereby pledges his cooperation and support in assisting said refiner to prevent such diversions and that deponent hereby further pledges himself not to participate in any manner in diverting sugar to customers' warehouses, or in any way assist customers in receiving any concessions of any kind from said refiner's openly announced prices and terms; and deponent further undertakes to make a check and inspection of all such sugar after unloading same in the warehouse designated in the shipping papers, and report any irregularities to said refiner.

_____

Subscribed and sworn to before me this _____ day of _____ 19____.

My commission expires: _____

_____ *Notary Public.*

3750 7. There shall be no shipments made on the Four-Payment Plan after September 30th, 1929, except to points in the states of North and South Carolina.

Respectfully submitted.

SOUTHERN CONSIGNMENT COMMITTEE,
By J. P. CODY, *Chairman.*

Mr. Cody pointed out that the plan submitted was but a detailed interpretation of the matters discussed at the previous meeting, the only departure of any consequence being that of changing the arbitrary date of October 1st as a date at which all refiners would expect to have stocks liquidated, or approximately so, at consignment points to be withdrawn—his Committee were now recommending that a period of 25 days' time succeeding the next buying movement be given to make this liquidation or effect equalization in the event of existing surpluses.

A short adjournment was taken for the purpose of giving individual representatives at the meeting opportunity to review the report. Considerable time was spent in discussing the detail of it, each point being carefully considered. It was finally moved and seconded that the report be adopted with the minor corrections above referred to. Further discussion followed the motion. Finally the motion was put by the Secretary and an individual vote was requested. The roll was called and each representative present voted in favor of the plan.

At this juncture of the procedings Mr. Pike raised the question as to whether the proffer of the American Sugar Refining
3751 Company's to *supply specialties* to those who might desire them for sale in the territory under consideration was still effective. Mr. Abbott stated that it was not; that certain changes in the policy of his Company had made it necessary to withdraw this proffer. Mr. Pike stated that this withdrawal on the part of the American had a great bearing upon the attitude of his Company toward the whole plan as outlined, and that he would have to think the matter over further before he could give a definite decision, and thus, at least temporarily, withdrew his vote accepting the plan.

Various members pointed out to Mr. Pike that the specialties of other refiners were available to him—both Arbuckle and McCahan proffering theirs—and a suggestion was also made that Godchaux's specialties could be conveniently had in the territory involved; but it appeared that Mr. Pike was particularly insistent on the privilege of purchasing American specialties.

It appeared that no further progress could be made until Mr. Pike had made further investigation—which he agreed to do and make a report to us at the earliest possible date. It was further decided that the program should be placed before each interested member with the understanding that the provisions of it would become immediately effective upon advices from Mr. Pike that his Company would accept the report and cooperate in the matter.

A discussion was had regarding the matter of contract enforcement in this same territory. It was pointed out that the Insti-
3752 tute members, with the exception of Savannah had already carried out the plan of enforcing deliveries according to the terms of their contracts in the South and Southeast, as well as other parts of their territory, and that unless some gesture of enforcement was made promptly by Hershey and Savannah in this territory it would be necessary for the members who were enforcing to change their plans.

Both Savannah and Hershey stated that it would be practically impossible to effect enforcement on the 5.25 contracts upon which specifications are due the 23rd, but that they were willing to issue a letter to their trade stating that on all future contracts they would

carry out the same enforcement policy as was being followed by members of the Institute.

On further discussion it developed that Hershey was willing to make this announcement immediately, and Mr. Oxnard stated that he would make a similar announcement upon notice that Hershey had done so. With the understanding that Hershey would make this announcement immediately, as stated, the other refiners agreed that they would carry out their enforcement regulations on the 5.25 contracts.

Adjournment.—There being no further business, the Meeting adjourned.

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

Postcript (noon, August 23rd, 1929).—As we go to multigraph with this minute Mr. Pike calls to say that, while certain dis-
3753 advantages to his Company still appear in the plan as outlined, they do not wish to become responsible for its failure, and are therefore renewing their vote of approval, and accepting it without qualification.

In the same conversation, with reference to contract enforcement, Mr. Pike stated that Mr. Oxnard was in his office and that they were working out notices to their brokers and to the trade, which would be the same in each instance, and arranging to circulate them immediately.

With this information, the plan herein outlined is now in full force and effect with the unanimous consent of all parties attending the meeting, and the acceptance of interested members who were absent assured by Mr. Abbott.

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

(Institute files.)

3754 *Government Exhibit 451–Y*

[Copy of original telegram]

NEW ORLEANS, LA., *Aug. 22—10:12 a.*

FRED W. TAYLOR,
The Sugar Institute, 129 Front St., N. Y.:
Please wire immediately results yesterday's meeting.

WM. HENDERSON.

11:20 a.
(Institute files.)

3755 *Government Exhibit 451–Z*

[Telegram]

NEW YORK, N. Y., *Aug. 22—12:17 p.*

WILLIAM HENDERSON,
Henderson Sugar Refy., N. O., La.:

Yesterday's meeting adjourned to reconvene this afternoon Stop. Substantial progress made toward adjustment southeast problem Stop. Full report will follow adjourned meeting Stop. Advise Godchaux.

THE SUGAR INSTITUTE, INC.

Recd. O. K., 12:06 p. m.
(Henderson files.)

3756 *Government Exhibit 451–A1*

[Telegram]

NEW YORK, N. Y., *August 23, 1929—12:16 p.*

HENDERSON SUGAR REFG. CO.,
N. O., La.

Failed to reach complete accord in yesterday's meeting but whole matter adjusted today Stop. Very satisfactory plan of regulation and control to which you are vicariously committed has been adopted and will be forwarded air mail today.

THE SUGAR INSTITUTE, INC.

11:50 a. m.
(Henderson files.)

3757 *Government Exhibit 451–B1*

[Telegram]

AUGUST 26, 1929.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.

The following wire has been sent interested members quote Please report by letter immediately to the Southern Consignment Committee in care of Institute name of each point where your sugar was stored or to which sugar was in transit on August twenty-first in Florida, Georgia, South Carolina, North Carolina, Alabama, Mississippi, Louisiana, Tennessee, and Southern Kentucky. Also the total number of bags in stock and in transit on that date. Also report total amount shipped each point since twenty-first. Also on all shipments subsequent to your report. Supply committee identical details promptly Unquote.

THE SUGAR INSTITUTE.

(Institute files.)

3758 *Government Exhibit 451–C1*

[Telegram]

NEW ORLEANS, LA., *Aug. 27—9:55 A. M.*

THE SUGAR INSTITUTE,
129 Front St., N. Y.:

We agree to recommendations of southern consignment committee as of Thursday, August twenty-second, with one exception Stop. We do not agree to substitution of Jackson, Mississippi, as a permanent consignment point in place of Meridian, Miss., as per original schedule.

WM. HENDERSON.

11:04 a. m.
(Institute files.)

3759 *Government Exhibit 451–D1*

[Telegram]

AUGUST 28, 1929.

WILLIAM HENDERSON,
749 South Peters Street, New Orleans, La.

Re your wire twenty-seventh, error in minutes, Meridian only consignment point in Mississippi.

THE SUGAR INSTITUTE.

(Institute files.)

3760 *Government Exhibit 451–E1*

[Letterhead of Savannah Sugar Refining Corporation]

SAVANNAH, GA., *Aug. 27, 1929.*

Mr. J. P. CODY,
Arbuckle Brothers, 111 Wall Street, New York, N. Y.

DEAR JACK: I am sending a letter to the Southern Consignment Committee, c/o The Sugar Institute, copy of which I am attaching. This, I think, is the information you want. The consignments are as of close of business prior to the 23rd and not the 21st, as I didn't get in touch with the office until Friday.

I imagine that the various New Orleans refiners have concurred in the plan, but would appreciate your advising me if there are any hitches.

With personal regards, I am,
Very truly yours,

THOMAS OXNARD,
Sales Manager.

(Institute files.)

3761 *Government Exhibit 451–F1*

[Copy]

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Georgia, Aug. 27, 1929.

SOUTHERN CONSIGNMENT COMMITTEE,
c/o The Sugar Institute, Inc., 129 Front Street,
New York, N. Y.

GENTLEMEN:—In accordance with the resolution drawn up last Friday, I give you below a list of the points where we are carrying consigned stocks, together with the number of bags. This list is made up as of close of business August 23rd, and includes both sugars on consignment and in transit to consignment points.

[List referred to omitted in printing.]

3762 In addition, we are carrying stocks in Charleston, S. C., Chattanooga, Tenn., Knoxville, Tenn., and Savannah, Ga. Since these stocks, however, are being carried in public warehouses and are in places where consignments will be allowed after October 1st, or thirty days after the next turn, we are not reporting the amounts on hand as we do not intend to store with brokers in these cities.

We wish to place ourselves on record that on the next turn we may possibly sell for delivery from consignments at Cullman, Ala., Anniston, Ala., Jasper, Ala., Bessemer, Ala., Selma, Ala., Orlando, Fla., Madisonville, Ky., and Henderson, Ky.

We may have occasion to ship further sugars to the points which we have given where we are carrying consignments prior to the next turn in the market, as we have outstanding contracts at 4.85, 5¢, and 5.25 in these markets.

We are having made up today by towns, the amounts we have past due in various markets. We shall let you have this information when we secure it and will notify you of any cars which we ship to fill up consignments.

3763 We trust that this information will enable you to make up the data which you desire.

Yours very truly,

(Signed) THOMAS OXNARD,
Sales manager.

CC/Mr. J. P. Cody, Arbuckle Bros., Old Slip & Water St., New York, N. Y.

(Institute files.)

3764 *Government Exhibit 451–G1*

[Copy]

AUGUST 29, 1929.

Mr. THOMAS OXNARD,
Savannah Sugar Refining Corp., Savannah, Ga.

DEAR MR. OXNARD: Thanks very much for your report of August 27th.

I have been very busy for the past few days, and while Mr. Patterson has been in my office, I have not been in the Institute headquarters. *I am sure, however, that everyone is in line*, including New Orleans, otherwise Mr. Patterson would have called me.

I am sending your letter to him to hold for the committee meeting, and I am requesting him to write you at once if anyone has failed to comply.

With kindest regards, I am,

Yours very truly,

JPC: AFS.

(Institute files.)

3765 *Government Exhibit 451–H1*

AUGUST 26, 1929.

Mr. C. N. WOGAN,
Colonial Sugars Company,
New Orleans, La.

(Personal.)

DEAR MR. WOGAN: On Wednesday, August 21st, there was an informal meeting of certain refiners to discuss the Southern consignment situation, with the idea of again withdrawing consignments from brokers' or buyers' warehouses. Also to find ways and means where sugars could not be diverted in transit to buyers.

A special Committee was appointed, with the request that they draw up a memorandum, and we are confidentially enclosing to you the memorandum as submitted by the Special Committee and ask that you kindly read same carefully and be guided by the instructions contained therein.

This morning I discussed the subject matter with Mr. Taylor, Vice Executive Secretary of the Sugar Institute, and it appears the Committee is only interested in consignment points other than that approved last June. Also in warehouses that are not strictly public warehouses.

You will note that a request has been made for a report of consignments as of August 21st, and when we receive your general consignment report dated August 24th we will submit to the Committee a list of the Southern consignments where we have stock and which consignment points were not approved last June.

You will also observe that if we consign to any points other than the approved consignment points, it is not to exceed 800 bags. Furthermore, a report must be made when such shipments go forward, and this is only good up and until the next general market move.

3766 The information given herewith is for your own personal use and not to be divulged to the trade.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

P. S.: Since writing the above letter, Mr. Taylor, of the Institute, phoned us and stated he was incorrect in saying that the Committee only desired a list of stock at points other than that approved last June. We will, therefore, submit to them a report of all consignments in the territory under discussion, which, as you will observe, excludes Arkansas. We will be able to supply the information from your consignment report of August 24th.

If, later, they ask us for information which we cannot give from this office, we will request same from you.

When consigning to other than approved consignment points in the territory under discussion, please immediately advise us of this fact so that we in turn may advise the Special Committee.

(Colonial files.)

3767 *Government Exhibit 451–II*

Aug. 27th, 1929.

DEWITT & MEREDITH,
Knoxville, Tenn.
NAFF HOSKINS,
Miami, Fla.
CAROTHERS & CAROTHERS,
Chattanooga, Tenn.

DEAR SIRS: At a meeting of the Southern Consignment Committee of The Sugar Institute held in New York three days during the past week the following recommendations were adopted which will govern your market. These recommendations were concurred in not only by all the members of the Institute but by Hershey whose representatives were present and we understand will be confirmed by C. & H. also.

Where there is no question of the independence of a public warehouse, refiner will continue to use it subject to subsequent approval of a disinterested committee composed of certain members of the Institute and refiners who have no interest in the southern situation. Where there is a suspicion of direct or indirect interest on the part of customer or broker, refiner shall take certain recommended action to correct.

As soon as the necesary data is obtained the Committee will approve a list of warehouses in your city, which list will be circulated among interested refiners. With receipt of this list, refiners will use their discretion as to quantity they will consign to these eligible warehouses.

We have to report immediately all consigned stock on hand in your city plus sugar in transit, and if we make further consignments, we have to report same to the Committee together with reason why such consignment is being made.

The Committee is to recommend promptly a plan to prevent the diversion of sugar in transit by buyers or brokers without the approval of our sales department, and we are to govern ourselves by their recommendation. In the meantime the Committee has sent out a very astringent affidavit which it is suggested that we circulate and have brokers sign to the effect that they will not handle consignments except in a legitimate way.

Brokers' warehouses can be used subject to certain definite limitations as to quantity of stock shipped up to the next buying movement, after which no further consignments will be made to them, and if the quantity of stock in broker's warehouse is excessive, it will have to be removed to a designated public warehouse.

Naturally, there is a whole lot more detail in the recommendations sent by the Committee than has been outlined above, but the gist of it all is that in the very near future, or whenever the next buying movement takes place, every single refiner has agreed to handle their shipments only through public warehouses designated by the disinterested Committee, and if we have sugar elsewhere, unless the quantity is very small, we in all probability would have to go to the expense of moving it over.

3768 There may or may not be leakage in the meantime, because we cannot tell now whether all the refiners are going to make their brokers sign the affidavits we mentioned above; but as for us we want our brokers to play ball, because we believe that this last drive is going to really clean up the southern situation and all refiners are going to have an even break.

In the meantime, however, we are perfectly willing to listen to reason; and if you think there would be any advantage in shipping consignments to your own warehouse, we will be very glad to handle that way.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3769 *Government Exhibit 451–J1*

[Telegram]

SEPTEMBER 25, 1929.

It is the Institute's understanding that no four-payment-plan business will be taken in Georgia on this move. Stop. It is also

our understanding that no Five-Forty business will be cleared through existing consignment points that are being withdrawn Twenty-five days after last market move although any existing surpluses may be applied against them. Stop. Please wire immediately any understanding to the contrary.

THE SUGAR INSTITUTE.

(Institute files.)

3770 *Government Exhibit 451–K1*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., September 30, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: We have just received the minutes of the Enforcement Committee meeting, No. 17, of September 26th, and note that there is a difference of opinion as to the status of the city of *Wilmington, N. C.*, in proposed Southern Consignment scheme which is to go into effect on October 10th. At the original meetings on June 5th and 6th, when the curtailment of consignments in the South was first discussed, it was well understood that no consignments other than Trade (Four-Payment Plan) consignments were to be continued in North Carolina; in fact, considerable discussion was had on this question as at the outset *Mr. Pike was loath to give up Wilmington* as a port of entry, and *Pennsylvania wished to retain Newbern* as a port of entry. Owing *to the nearness of Norfolk in the North and Charleston in the South, it was finally agreed to eliminate all consignment, including ports of entry, in North Carolina.*

At the meetings on August 22nd and 23rd, when this whole question was gone into again, the points as approved at the June meetings were again approved, and no mention at all was made of keeping on Wilmington as a port of entry.

It is annoying, to say the least, to find out that after a program is *agreed upon* by all parties concerned, and it is clear in every one's mind at the time just what is meant, a month later changes should be made in the program agreed to or a different interpretation put upon matters. We do not wish to seem arbitrary, but *we must insist that Wilmington, N. C., is to be omitted as a consignment point and as a port of entry.* The inclusion of Wilmington as either of these two will result in our refusing to accept any of the other recommendations of the Southern Consignment Committee.

Yours very truly,

THOMAS OXNARD,
Sales Manager.

3771 *Government Exhibit 451–L1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 9, 1929.

To Interested Members of the Sugar Institute:

GENTLEMEN: Under date of September 23rd the Southern Consignment Committee issued a report of the maximum surplus stocks over contracted sales that were held by any individual refiner at the various southern consignment points from which storage is being withdrawn. This report was made in order that you might know the approximate position of stocks in advance of the adjustment period, and it was stated that a final clearance of existing surpluses would be made at the end of the adjustment period.

End of adjustment period.—October 12th is the date upon which our adjustments are to be based. Please, therefore, report to us your stocks on hand at each consignment point to be withdrawn, as of that date. Upon receipt of the complete information a *maximum surplus report will be cleared*, and each refiner *will be given the privilege of equalizing such surpluses* if it is desired.

Stocks in North Carolina.—Inasmuch as some misunderstanding existed regarding North Carolina, be advised that *neither consigned nor reconsigned stocks are to be carried at port cities*, and that we desire a report of existing stocks at Wilmington and Newburn.

Your prompt attention will be appreciated.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

3772 *Government Exhibit 451–M1*

Minutes of Meeting for the Organization of a Southern Committee, October 10, 1929

A Committee met in the Board Room of the Sugar Institute, Inc., at 10:30 o'clock A. M.

Present: Judge Ballou, Chairman; Messrs. Newman, Thompson, Oxnard, Rolph, Moore, Moog, Abbott, Henderson, Cody, Stone, and Patterson, of the Institute.

The Executive Secretary reported the approval of the Board of Directors in having periodical committee meetings of the Southern members. The committee will include representatives of American, Godchaux, Henderson, Colonial, Savannah, C. & H., Imperial, and the Texas Sugar Refining Company. The committee will be known as "The Southern Committee." Meetings will be held in New Orleans or Houston, as desired. The Sugar Institute will be represented.

The first meeting will be held in New Orleans on November 5th, 1929, and henceforth on Tuesday of the week preceding the Directors' Meeting.

The question was raised as to the extent of the jurisdiction of the Southern Committee. After a brief discussion it was decided that the Committee should not be empowered to settle matters of policy but that any recommendations should be submitted to the Enforcement Committee or the Board of Directors. However, this would not preclude the Committee from handling complaints, matters of detail, and instituting corrective measures upon exclusively local questions and upon which all might be agreed.

3773 It was moved and passed that such Southern Committee be organized and that Mr. Charles Godchaux should act as Chairman and Mr. H. G. Thompson as Vice Chairman.

It was moved and passed that H. H. Pike & Company (representing the Hershey sugar interest) be asked to have a representative at the meetings.

Reconditioning Sugar.—Mr. Rolph stated that on March 3rd the Mississippi Warrior Barge Line announced that they would limit their liability to torn and soiled packages but would not accept liability for hard or caked sugar.

A brief description was given of the reprocessing equipment now used by C. & H. in Chicago. Excluding storage, experience has shown that the reprocessing cost will be approximately 10¢ a bag.

Mr. Rolph suggested that the refiners interested should cooperate and establish equipment at Cairo, St. Louis, and Chicago. The initial cost was roughly estimated at $5,000. The barge line representatives have offered to reconsider the liability for hard and caked sugars should this suggestion be carried out and it be shown that the amount of the claim for damage could thus be materially reduced. No action was taken.

Docketing Problems.—It was recommended that prior to the meetings the several refineries should inform the Executive Secretary as to any complaints, policies, etc., which they are desirous of presenting to the Committee. This information can then be circulated among the members.

The meeting was adjourned until the next regular meeting date, Tuesday, November 5th, to be held in New Orleans.

SIDNEY BALLOU, *Chairman.*

3774 *Government Exhibit 451–N1*

[Telegram]

NEW ORLEANS, LA., *Oct. 15, 1929—12:24 p. m.*

H. G. HALLBERT,
American Sugar Refining Co.,
117 Wall St., New York, N. Y.:

Please ascertain from Institute whether refiners may ship pool cars in care of brokers for distribution Georgia, Florida, Alabama,

Tennessee, Kentucky points where consigned stocks have been discontinued; also if refiners are permitted to compensate brokers for handling.

M. B. MURPHY.

(American files.)

3775 *Government Exhibit 451–O1*

[Telegram]

SAVANNAH, GA., *Oct. 24, 1928.*

LACY BROTHERS,
Johnson City, Tenn.:

Complaint has been filed with Institute we storing illegally Johnson City. Please advise immediately what warehouses you are storing for our account there. Also what other refiners carrying consigned stock Johnson City, and where they are storing Stop. Our records indicate we are carrying consigned stock Baldwin & Treadway warehouses.

SAVANNAH SUGAR REFINING CORPORATION.

(Savannah files.)

3776 *Government Exhibit 451–P1*

[Telegram]

NEW ORLEANS, *November 7, 1929.*

FRED G. TAYLOR,
The Sugar Institute, Inc., 129 Front St., New York, N. Y.

Referring further our letter second, your wires fourth, Colonial matter, we received advice from Savannah they not attending southern meeting. In talking with them over phone they advise one reason for nonattendance is fact that *important matter of discussion, namely, rate structure*, in their opinion cannot be discussed until matter of Colonial's handling of warehouses diversions for *breaking down* of rate structure definitely cleared up Stop. They also advise they know
3777 positively as we do that Colonial is selling rail shipment sugars at barge rate at various points in *territories where all-rail rate applies.* Am therefore amplifying previous advice to you so executive committee may realize seriousness of this situation and lend their support toward clarification.

J. MOOG.

(Institute files.)

3778 *Government Exhibit 451–Q1*

[Letterhead of Godchaux Sugars, Inc.]

NEW ORLEANS, *November 7, 1929.*

Mr. FRED G. TAYLOR,
Executive Vice Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: Confirming my wire of this morning, I now beg to enclose you copy of minutes of the meeting of the Southern Committee which was held in my office on yesterday.

At the meeting there was a free discussion of many subjects, which I believe will be of benefit, as it no doubt has clarified matters that were causing some friction.

The Committee suggested that the Institute should circulate these minutes among the other members of the Institute, so that they could be acted upon at the next meeting of the Board.

I have forwarded copies to the Southern and Texas refiners, viz.: American Sugar Refining Co., Imperial Sugar Company, Texas Sugar Refining Corp., C. & H., Henderson Sugar Refinery, Savannah Sugar Refining Co., Colonial Sugar Co., Messrs. H. H. Pike & Co.

Yours very truly,

CHARLES GODCHAUX.

(Institute files.)

3779 *Government Exhibit 451–R1*

NEW ORLEANS, LA., *November 6, 1929.*

Southern Committee Meeting

The Committee convened at 11 a. m., with all at interest represented, with the exception of the Savannah Sugar Refining Co. and the Hershey Company.

The Hershey Company, having received a copy of the memorandum of items for discussion, as issued by the Chairman of the Committee, replied to same in detail and their replies thereto were considered in connection with each of the subject matters.

The Savannah Sugar Refining Company's explanation of non-attendance was fully explained to the meeting and represented one of the basic questions of discussion.

It was the sense of the meeting that the minutes of same should only cover those items of discussion on which decisions were reached or on which further recommendations for consideration were adopted.

It was furthermore the unanimous decision of those present that copies of these minutes should be promptly forwarded to the Executive Secretary of the Sugar Institute, Inc., with the request that same be circulated for further discussion at the Directors' Meeting of The Sugar Institute, Inc., which convenes on November 14th.

Transiting and diverting of sugar in transit.—It was unanimously decided that the necessity for controlling of transiting and diverting of sugar in transit is the paramount problem of the sugar industry today. This is especially true, not alone by reason of the breaking down of rate structures, but also by reason of the fact that as long as same continues there is endangered that essential element of cooperative movement, namely, the confidence of one in the other.

It was unanimously resolved by all present (subject to reservations made by representatives of the Colonial Sugars, Inc., and the American Sugar Refining Co., Inc., as noted herein) as follows:

Resolved, where rate applications are such as to foster transiting or diversion in transit such rate applications should be changed.

To preclude the possibility of any situation arising to cause lack of confidence of one refiner in the other through improper handling of transportation of sugar, it was the unanimous sentiment of the meeting that there should be appointed by the individual refiner, as also by the Sugar Institute, an agency specifically employed to act for the individual refiner as a car-tracing agency. This agency is to be furnished by each refiner with a copy of each bill of lading
3780 covering the shipment of sugar moving from refinery or storage in transit stocks. Such agency to be given the necessary powers as representative of the refinery for obtaining from the railroads, warehouses, or brokers of the refiner all necessary information to determine accurately that all shipments of sugar reach the destination as indicated by the bill of lading, and such agency to report daily to the individual refiner as to the movement of each car of such refiner.

The reports of the agency are to be made only to the individual refiner except on such movements of sugar where the agency ascertains same do not move in accordance with the intent of the bill of lading, and in such cases, the agency should immediately, in addition to reporting same to the individual refiner, report full details to the Sugar Institute, Inc., it being the responsibility of the Executive Secretary of the Institute to immediately transmit copies of such reports to all members of the Sugar Institute.

It was further resolved that all refiners when invoicing customers for carload shipments of sugar would attach to such invoices only the memorandum bill of lading, the original bill of lading remaining in possession of the refiner to be surrendered at the request of the customer only for claim purposes, and then only after such bill of lading had been properly identified for use for that purpose only. These recommendations were adopted as the best preventative measure of diversions in transit.

It was furthermore recommended that such agency as might be selected be one who would likewise be authorized for the checking of all refiners' stocks at consignment points as now in effect.

It was furthermore resolved that the above subject matter be recommended to the Directors of the Institute for unanimous approval and by such action become effective.

Exceptions.—The representative of Colonial Sugars, Inc., stated he approved of the above and would recommend same to his executive officers for final approval and consent of his company. The representative of the American Sugar Refining Co. stated he was in accord with the principle as above laid down insofar as the Southern and Texas territories were effected, and he would so recommend same to the executive officers of his company.

Acceptance of resales of sugar after due date of specifications.—*Resolved*, That the action of the Directors' meeting of the Sugar Institute, Inc., to the effect that no resales of unwithdrawn sugar be recognized when submitted to the refiner after the due date of sales contract, be further considered at the next Board of Directors' Meeting and that something be done to amend such resolution to take care of emergency cases.

Southern consignment committee report on acknowledged consignment points.—

A. It was unanimously resolved that the Sugar Institute, Inc., instruct that Committee which may represent the Institute for
3781 a discussion of consignment points in Oklahoma that such consignment points be limited to Tulsa and Oklahoma City, and only as storage in transit points, namely, points for carload shipments or for local delivery in carload lots by carrier switch movement.

B. It was resolved (subject only to Colonial Sugars, Inc., withholding vote for further investigation, they promising to render decision at the next Institute Directors' Meeting) that Meridian, Mississippi, be eliminated as a consignment point.

C. It was unanimously resolved that there be recommended to the Directors' Meeting of the Sugar Institute, Inc., that Knoxville and Nashville, Tennessee, be eliminated as consignment points.

Prevailing rates.—It was brought to the attention of the meeting that the breaking down of the long-established rail forwarding basic rates in the Southern territory east of the Mississippi River by the application of differential route movement rates was fostering many unethical practices of diversions in transit through the differential-route territory into the established all-rail territory, and it was unanimously resolved to bring the special attention of each of the refiners at interest to that portion of the resolution pertaining to TRANSITING AND DIVERTING OF SUGAR IN TRANSIT reading as follows:

"*Resolved*, Where rate applications are such as to foster the transiting or diversion in transit; such rate applications should be changed" so that each refiner may realize that unless proper corrective measures are taken and applied in the now affected territory, the spreading into additional territory of the application of the differential route rates as the basic rates is bound to follow.

Brokers.—There was appointed by the meeting a special committee consisting of the following:

Mr. M. B. Murphy,
Mr. C. N. Wogan,
Mr. L. C. Strattmann, Jr.,
Mr. J. Many,
Mr. J. A. Bertoniere,

to meet some time during the week of November 10th and to consider and pass on the claims made on improper brokerage connections on the part of various refiners at the following points:

Hammond, La.,
Corinth, Miss.,
Yazoo, Miss.,
Lake Charles, La.,
Plaquemine, La.,
Camden, Ark.,

3782 all as listed in the agenda of the Southern Committee meeting, and, in addition thereto, the Orange Brokerage Co., of Orange, Texas, and the Addicks Company, of Huntsville, Texas, with the understanding that such Committee will report to each of the members present at this meeting their decisions pertaining thereto.

It was unanimously resolved that the subcommittee herewith appointed base their decision as to the individual cases presented to them by applying thereto the definition of "Brokers" as adopted by the Sugar Institute, Inc., Directors' Meeting of May 2, 1929.

Switching allowance at Mobile.—There was read to the meeting that portion of a letter written by H. H. Pike & Co. in reference to the question of switching allowance and store-door deliveries to buyers at Mobile, which situation was brought up by the Mississippi Warrior Barge Line Tariff providing for $7.20 per car allowance to buyers to cover the expense of moving sugar from the barge-line docks to buyers' warehouses at Mobile. It was resolved that this matter should be taken up with the Mississippi Warrior Barge Line and they be requested to change their tariff so as to eliminate the $7.20 per car allowance to buyers at Mobile, and in lieu of same provide in the tariff for the delivery of carload lots of sugar to buyers' siding or to public team track in carload lots at the expense of the barge line.

Pro forma invoicing.—The Executive Vice Secretary of the Sugar Institute brought to the attention of the Southern Committee meeting the question of pro forma invoicing of sugar in Texas. This brought about a complete discussion of this question of contract enforcement, it being—

Resolved, That there be no further pro forma invoicing of sugar in Texas, and after the 30th day of the contract, any unspecified carloads of sugar will be shipped in direct proportion to the specified carloads of sugar, it being further resolved that the enforcement Committee be requested in the future when making their re-

quest for the status of contracts and when making up their reports in relation thereto to show the status of Texas contracts entirely separate from those of other territory.

Gulf Warehouse Co., Tampa, Florida.—Attention of the meeting was called to the fact that the Executive Vice Secretary had advised one of the members that the Gulf Warehouse Co., of Tampa, Florida, could be considered as removed from List No. 2 to List No. 1. Such action, not meeting with the approval of the Southern Committee, it was resolved that the Executive Committee and the Enforcement Committee be requested to take no such action as to changing warehouses from List No. 2 to List No. 1 until all refiners interested shall have been advised of the request and be permitted either to acquiesce or enter protest, and that, pending such action, the Gulf Warehouse Company be considered as still included in List No. 3, where it was placed by the general action of the Board of Directors at their last meeting.

3783 *Warehouse reporting of withdrawals.*—It developed on discussing this subject that some refiners at this meeting had not yet adopted the rule of having warehouses report direct to them on warehouse stock withdrawals, and all such refiners have now agreed to place in effect immediately the rule of having warehouse report direct to the refiner, instead of the broker, on withdrawals from warehouse stocks

Future meetings.—It was decided that the next meeting of the Southern Committee would be held December 3rd at the Lamar Hotel, Houston, Texas.

3784 *Government Exhibit 451–S1*

NOVEMBER 18, 1929.

Mr. J. A. BERTONIERE:

For your information, the Southern Consignment Committee had before them last week various requests in reference to warehouses as per the attached, and briefly stated, the decision was as follows:

Gulf Warehouse, Tampa, Florida.—Henderson permitted to continue the use of same pending further investigation by the Institute, either through independent investigators or based on reports to be received from the Southern Sub-Committee on Warehouses, of which you are a member.

Fair & Martin, Inc., Atlanta, Ga.—This request was disallowed on the theory that there now already ample warehouses in Atlanta.

Southern Warehouse & Storage Co., Meridian, Miss.—To remain on List No. 3.

E. M. Bond Storage Warehouse, Nashville, Tenn.—This request was disallowed on the theory that there were now already ample warehouses approved for Nashville.

Vann Warehouse Co., Jacksonville, Florida.—Approved for continued use, subject to further investigation.

Pioneer Warehouse, Jacksonville, Florida.—Approved for continued use, subject to further investigation.

Dixie Warehouse, Jacksonville, Florida.—To remain on List No. 3.

H. P. Taylor, Jr., Warehouse, Richmond, Va.—Approved, subject to there being no further complaint.

Bowman Transfer & Storage Co., Richmond, Va.—Approved, subject to there being no further complaint entered.

A. D. Jackson Co., Richmond, Virginia.—To remain on List No. 3.

Wittichen Warehouse, Birmingham, Ala.—Not approved, on the theory that there are now ample warehouses approved for Birmingham.

Riverside Warehouse, New Orleans, La.—It is understood that this is the name of the Army Base Warehouse where C. & H. are storing their sugar, and on that basis it is approved. If this is not correct, advise.

Standard Warehouse, New Orleans, La.—Not approved, on the theory that there are now ample warehouses approved for New Orleans.

Kelly Warehouse, Miami, Florida.—Not approved, on the theory that there are now ample warehouses approved for Miami.

Knoxville Fireproof Storage Co., Knoxville, Tenn.—Approved for List No. 1 as regular warehouse.

Please return the attached for my file, with the carbon copy which is attached thereto. You may keep the original of this letter for your records.

(Godchaux files.)

3785 *Government Exhibit 451–V1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 22, 1930.

To All Members of The Sugar Institute.

Corrected Minutes of Southern Committee Meeting, April 3, 1930

GENTLEMEN: Subsequent to our issue of the Minutes of the Southern Committee Meeting of April 3rd, a member of the Committee states that we have not correctly interpreted the intent of the Committee's recommendations concerning the "deferred" and "four-payment" plans, respectively. They have therefore been rewritten to conform to the Committees intention and a copy is attached hereto. Please destroy previous copy to avoid confusion.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

[Corrected copy]

Minutes of Southern Committee Meeting of April 3rd, 1930

The Committee met in the Board Room of Godchaux Sugars, Inc. Present:

Mr. Thompson, Imperial Sugar Company.
Mr. I. H. Kempner, Imperial Sugar Company.
Mr. Barkerding, American Sugar Refining Company.
Mr. Thos. Oxnard, Savannah Sugar Refining Corp'n.
Mr. J. Moog, Godchaux Sugars, Inc.
Col. H. B. Moore, Texas Sugar Refining Corp'n.
Mr. Armstrong, Texas Sugar Refining Corp'n.
Mr. Smith, Seavey & Flarsheim.
Mr. Stratmann, Seavey & Flarsheim.
Mr. Wogan, Colonial Sugars Company.
Mr. Many, Henderson Sugar Refinery.
Mr. Nalond, California & Hawaiian Sugar Ref. Corp'n.
Mr. Van Buren, of the Sugar Institute, Secretary.

Consignment points in Arkansas.—After a thorough discussion of the Arkansas consignment situation, a motion was proposed, seconded, and passed unanimously, recommending to the Board of Directors that consignment points in the State of Arkansas be limited to the following points: Fort Smith, Little Rock, Paragould, and Pine Bluff, and that stocks at all other points be eliminated by May 7th.

(Since this Minute was written Flarsheim advises by telephone that C. & H. will not confirm the recommendation of Mr. Stratmann to reduce consignment points in Arkansas.)

Four-payment and deferred-payment plan of trade consignments.—After a discussion of the simplest method of invoicing sugar shipped on the deferred-payment plan, it was unanimously resolved to recommend to the Board of Directors that the Board recommend to the members of the Institute that the shipment be covered by one invoice sent at the time of shipment, and stating the four discount dates, each applicable to one-fourth of the sugar shipped. The above applies only on deferred-payment shipments.

It was pointed out that where sugar was shipped on a deferred-payment plan against a thirty-day contract it was the regular custom of the trade that the last discount date on such sugar would in no event be postponed beyond the regular discount date applicable to such sugar under the thirty-day contract, to wit: Seven days after the thirty-day period. Accordingly, it was unanimously recommended that the Board of Directors recommend to the members of the Institute that announcement by members of the deferred-payment plan would not, unless otherwise announced, be deemed to permit the postponement of the last discount date beyond seven days

after the expiration of the thirty-day contract against which sugar was shipped on a deferred-payment plan.

3787 On Four-Payment or Trade-Consignment shipments, some refiners invoice at time of shipment and allow the customer to deduct when making the individual payments if price is then lower than the invoice price. Other refiners issue invoices each seven days after arrival of car at the then current market price of sugar.

The representative of each refiner present announced that his principal permitted customers to call sugar shipped under the four-payment plan, subject to confirmation, whether or not the shipment had arrived, the discount dates remaining unaffected by the call. The call and confirmation thereof thus operated merely to fix the price. This, of course, has no application to deferred payment shipments against thirty-day contracts.

The representative of each refiner present announced that it was not the practice of his principal to limit four-payment or deferred-payment shipments to any maximum number of cars.

(Sgd.) FRANCIS VAN BUREN,
Secretary.

3788 *Government Exhibit 451–X1*

Minutes of Southern Committee Meeting May 8th, 1930

The Meeting was called to order at 1:30 P. M. at the Lamar Hotel, in Houston, Texas, by Vice Chairman of the Committee.

Present:

Mr. Thompson, Vice Chairman,
Mr. Barkerding, of American,
Messrs. Stratmann & Smith, of C. & H.,
Mr. Wogan, of Colonial,
Mr. Moog, of Godchaux,
Mr. Many, of Henderson,
Col. Moore, of Texas,
Mr. Van Buren, of the Sugar Institute.

Contract Enforcement.—The Vice Chairman read the following resolution which had been passed by the Executive Committee in New York:

"It is recommended to all customers who have not furnished specifications due May 6th you send the following wire this date:

"'Unless we are advised by wire that specifications for immediate shipment due us on May 6th will be in our hands on or before May 10th, we shall at once ship 100# bags of standard granulated.'

"Please advise Institute of names and full particulars in all cases where for any reason you do not take this course for information and action at meeting of the Board of Directors, May 15th."

After some discussion referring to the lack of time allowed in the above resolution for the refiners to make shipments of bulk bag

against unspecified contracts, the following resolution was moved, seconded, and unanimously passed:

"That the following wire be sent to all buyers from whom specifications on March 7th contracts have not been received:

"'All unspecified sugar will be shipped in bulk bags commencing Noon Monday, May 12th, and Bill of Lading and invoice will be mailed out not later than Tuesday evening May 13th, including the invoicing of all spot stock not withdrawn prior to May 12th, and placing such spot stocks at the expense of the buyer.'"

Miami, Fla.—It was recommended to the Board of Directors
that Miami, Florida, be discontinued as a consignment point,
3789 subject to the concurrence of Eastern Members and Hershey.

The above resolution was passed unanimously, telegraphic advice having been received from Savannah concurring in such decision.

Method of handling complaints.—It was moved, seconded, and unanimously passed that the method of handling complaints filed with the Southern Committee be amended eliminating the circularizing of formal compaints to all Members of the Committee.

Arkansas consignment points.—After considerable discussion, in view of the stand taken by some of the members, it was decided that the limitation of Consignment Points in the State of Arkansas was not possible.

Texas consignment points.—It was recommended to the Board of Directors that Llano, Texas be discontinued as a consignment point, stocks at this point to be eliminated or moved within thirty (30) days from the date of approval by the Board of Directors.

It was recommended that remnant stocks in other discontinued Texas Consignment Points, where transiting tonnage was not available, be disposed of and that a list of such points, and the quantity of sugar carried at each point be filed with the Institute, and that a final report be made when such stocks are finally disposed of. It was further recommended that a committee consisting of Messrs. Thompson, Barkerding, Armstrong, and Smith be appointed to further check the Texas Consignment Points situation with a view to determining if additional points cannot be eliminated, and to report the findings of the committee at the next Southern Committee Meeting.

Sixty (60) day contract.—The matter of a letter from the Purchasing Agent of a large chain store stating that on the April 4th move his Company had purchased some thirty thousand bags on
Sixty (60) Day Contracts was brought to the attention of the
3789 meeting and the Secretary was instructed to investigate the
contracts of all refiners with the firm involved, on the April 4th move, to determine whether or not any refiner had sold this firm on any terms other than at their openly announced terms.

(Sgd.) FRANCIS VAN BUREN,
Secretary.

3791 *Government Exhibit 451–Y1*

Minutes of Southern Committee meeting June 12th, 1930

The meeting was called to order at 10 A. M. at the St. Charles Hotel, New Orleans, La., by the Chairman of the Committee.

Present: Mr. Godchaux, Chairman; Mr. Thompson, Vice Chairman; Mr. Moog, of Godchaux; Mr. Armstrong, of Texas; Mr. Many, of Henderson; Mr. Wogan, of Colonial; Mr. Barkerding, of American; Mr. Smith, of Seavey & Flarsheim; Mr. Bertonniere, of Godchaux; Mr. Stratmann, of Seavey & Flarsheim; Mr. van Buren, of the Sugar Institute.

Functions of Southern Committee.—Reference was made to a letter read at the last Directors' Meeting emphasizing the fact that the functions of the Southern Committee were merely to make recommendations to the Board of Directors, and not to institute any policy of its own accord. All the members stated that the above-mentioned functions of the Southern Committee were in accordance with their understanding, and they had no desire and no intention of going beyond the making of recommendations to the Board of Directors.

Report of Texas Consignment Point Committee.—The Committee reported that uniformity of opinion with reference to further limitation of Texas Consignment Points had not been reached.

It was the consensus of opinion that no change in the Texas Consignment Point situation be recommended to the Board of Directors.

Tampa, Florida.—It was the consensus of opinion that the Board of Directors should be requested to reopen the matter of trucking allowances and manipulations whereby existing prepays at interior points were defeated by means of trucking, and it was further suggested that some definite expression of future policy be requested in regard to this situation in Tampa.

3792 *Reports on Investigations.*—A motion was made, seconded, and passed recommending to the Board of Directors that the firm of Solon Walker, Austin, Texas, after due investigation, had been found to show no indication of affiliation contrary to the Institute Code of Ethics.

The report on transit manipulations of Godchaux's sugar in Texas was discussed. Mr. Moog stated that his organization was making a thorough check of the information contained in the report and that upon completion of same a reply would be filed with the Southern Committee and circularized among the members.

Texas Railroads' Committee.—It was moved, seconded, and passed that a committee be appointed, consisting of Mr Thompson of Imperial, Mr. Rhodes of Texas, and Mr. Smith of Seavey & Flarsheim, to confer with the Texas railroads in order to determine whether or not the transit privilege is available on freight bills covering the inbound shipment of mixed cars of sugars and syrup, as well as full carloads of sugar which contain syrup in addition to the minimum

carload required, and, if such transit privilege is found to be contrary to existing tariffs, to have the railroads issue explicit instructions to all their agents not to allow such freight bills to be surrendered for transit, but, if such transit is available under the tariffs, to induce the railroads to amend their tariffs in order to prevent such transit.

(Sgd.) FRANCIS R. VAN BUREN,
Secretary.

2793 *Government Exhibit 451–Z1*

Minutes of the southern committee meeting, July 14, 1930

The Meeting was called to order by Mr. Thompson, Vice-Chairman, at 10 A. M. at the the Hotel Galvez, Galveston, Texas.

Those present were: Mr. Moore, of Texas; Mr. Kempner, of Imperial; Mr. Oxnard, of Savannah; Mr. Many, of Henderson; Mr. Bertonniere, of Godchaux; Mr. Pierson, of American; Mr. Wogan, of Colonial; Mr. Armstrong, of Texas; Mr. Rhodes, of Texas; Mr. [illegible], of Imperial; Mr. Smith, of Seavey & Flarsheim; Mr. Stratmann, of Seavey & Flarsheim; Mr. van Buren, of the Sugar Institute.

Texas Transiting Situation.—The opinion of the Members of the Southern Committee was that from their experience in controlling the transiting and diversion problems in Texas, earnest efforts and good faith on the part of the Refiners would practically eliminate and cure the transiting abuses in all territories.

It was therefore moved, seconded, and unanimously passed that the complete records of the Texas Transiting Investigation be referred to the Board of Directors with the recommendation that the Directors require all Members of the Institute to control to the fullest extent the transiting and retransiting of their sugars.

Mixed Cars of Sugar and Syrup.—Mr. Thompson reported that the matter of transiting of mixed cars of sugar and syrup had been taken up with the carriers, who stated that they would not allow expense bills on carload shipments of sugar and syrup to be surrendered for transit, and that they would issue implicit
3794 instructions to their agents to this effect.

Transiting of Water Borne Sugars on Rail Tonnage.—Mr. Thompson reported that the Southern Pacific and the Gulf Coast Lines had stated that the use of freight bills on rail shipments to Houston for transiting water-borne sugars from that point was illegal and contrary to their tariffs, and that they would make every effort to prevent any such transiting.

Florida Situation.—The following statement of conditions in regard to the Florida Situation was referred to the Board of Directors:

The Southern Committee of the Sugar Institute is dissatisfied with the lack of action on the part of the Directors on the situation in Tampa and Miami, particularly as regards the competition of Hershey.

In Miami, Hershey allows 5¢ handling charge on carloads placed at customer's warehouse. In points outside of Miami and West Palm Beach, it is reported that Hershey bills on rail prepaid basis, making delivery at Miami and allowing buyers drayage to equalize freight involved. This amounts to virtually a concession in price on such items as are delivered by buyers in Miami itself or points intermediate to buyer's own warehouse.

In Tampa, investigation shows Hershey bills out-of-town customers at rail-delivered basis and allows customers freight, even though hauled by buyer's trucks. This permits the grave abuse of delivery in Tampa and intermediate points, where again the freight becomes virtually a concession in price. The Southern Committee urges a conference with Hershey with a view to discontinuing policies which amount to rebating buyers.

3795 . *Deliveries from Memphis Consignment on a Barge Rate.*—Mr. Oxnard stated that upon investigation of an inquiry on this subject he found that four cars had been shipped to Oklahoma from Memphis consignment stocks and had been billed on the New Orleans Barge Rate since the first of the year. He further stated that this was directly contrary to instructions issued by his company, and that they were taking disciplinary measures to prevent its reoccurrence.

Contract Enforcement.—It was moved, seconded, and unanimously passed by individual poll of the Members present that at the expiration of contracts on July 16th all sugars shall be shipped in accordance with the actual ability of each Refiner to make shipment, and that sugars against unspecified contract shall be shipped in proportion to the amount of specified and unspecified sugars as yet unshipped. Mr. Pierson, of the American, in voting qualified his vote by saying that he considered this action in accordance with the instructions which the American's New Orleans office had received from New York.

Texas Consignment Points.—The matter of eliminating as consignment points the towns of Memphis, Childress, and Vernon, Texas, could not be disposed of, since the representative of the American present was not in a position to commit his company. The matter was referred by unanimous consent to the Board of Directors for final action at their Meeting of July 24th.

3796 *Frasier Brokerage Co.*—The report submitted to the Southern Committee on the Frasier Brokerage Co., of Dothan, Ala., was discussed upon the expression of opinion by some of the members that the method of distributing pool cars used by this firm amounted to performing a service without appropriate charge, Mr. Stratmann stated that this method of handling pool cars would be discontinued.

The Lemp Storage Co., Hot Springs, Arkansas.—Mr. Armstrong stated that in view of the report made on The Lamp Storage Co., they would discontinue storing with this firm.

(Signed) FRANCIS R. VAN BUREN.

3797 *Government Exhibit 451–B2*

Minutes of the Southern Committee Meeting September 10, 1930

The Southern Committee Meeting was called to order at 10 A. M., at the St. Charles Hotel in New Orleans.

Those present were: Mr. Godchaux, of Godchaux; Mr. Thompson, of Imperial; Mr. Barkerding, of American; Mr. Many, of Henderson; Mr. Armstrong, of Texas; Mr. Wogan, of Colonial; Mr. Oxnard, of Savannah; Mr. Bertonniere, of Godchaux; Mr. Johnston, of American; Mr. Pierson, of American; Mr. Sansum, of Seavey & Flarsheim; Mr. van Buren, of the Sugar Institute.

Mixed-car shipments to Texas.—There was a discussion as to whether it was not discriminatory to have sugar shipped in mixed carloads with other manufactured products, thereby enabling purchasers to benefit by carload rates on less than carload quantities of sugar.

The Committee took no action, but the Chairman was instructed to obtain advice of counsel as to whether it was proper for a recommendation to be made to the members, and if so, to bring it before the next meeting of the Board of Directors.

Arkansas consignment points.—It was moved, seconded, and unanimously passed that the recommendation passed by the Southern Committee at its meeting of April 3rd recommending to the Board of Directors that the consignment points in the State of Arkansas be limited to Fort Smith, Little Rock, Paragould, Pine Bluff, be again recommended to the Board of Directors.

Trucking sugars from consigned points.—The matter of making deliveries to truck lines from Houston for delivery to interior points was discussed, and the possibility of such form of transportation causing a break-down in the freight application structure emphasized. No action was taken, but the matter was put over until the next meeting, in order to give the members an opportunity to duly study the ramifications involved.

Unearned discounts.—The question of enforcing discount terms was brought up, and it was suggested that in view of the rec-
3798 ommendation of the Executive Committee at its meeting of September 3rd, under the head of "Arbitrary—Deductions from Invoices", no further action was necessary.

Four-payment plan.—The subject of the four-payment trade consignment, and deferred-payment plans was discussed, but no action was taken. The view was expressed that at early date this entire

subject should be clarified, and, if possible, the difference between the trade consignment four-payment plan and the deferred-payment plan be eliminated.

(Signed) F. R. VAN BUREN.

3799 *Government Exhibit 451–C2*

Minutes of Southern Committee Meeting October 23rd, 1930

The Southern Committee Meeting was called to order by Mr. Thompson, Vice Chairman, at 9:30 A. M., at the Rice Hotel in Houston, Texas.

Those present were: Mr. Kempner, of Imperial; Mr. Many, of Henderson; Mr. Armstrong, of Texas; Mr. Bertonniere, of Godchaux; Mr. Barkerding, of American; Mr. Rhodes, of Texas; Mr. Stratmann, of Seavey & Flarsheim; Mr. Smith, of Seavey & Flarsheim; Mr. Davis, of American; Mr. van Buren, of the Sugar Institute.

Oklahoma Transiting Situation.—It was brought to the attention of the Meeting that transiting was being done through Durant to various points in Oklahoma. It was pointed out that the proposed revised transit rules would clarify this situation.

Texas Consignment Points.—It was brought to the attention of the Meeting that members of the Domestic Bureau were carrying consigned stocks at points in Texas other than those on the recognized consignment-point list, such as Cuero, Harlingen, Flatonia, Kenedy, San Marcos, and several other points. It was recommended that the Sugar Institute be requested to take this matter up with the Domestic Bureau.

Transiting of Beet Sugar in Texas.—Transiting of beet sugars through San Antonio and Waco was mentioned, and it was recommended that the Institute be requested to take this matter
3800 up with the Domestic Bureau.

Progressive Brokerage Co., Plaquemine, La.—Mr. Many reported on the status of this firm in detail, explaining the manner in which the affiliation between the Progressive Brokerage Co. and the Consolidating Companies had been discontinued. It was the sense of the meeting that it be recommended to the Board of Directors to find that the said affiliation had ceased.

Frasier Brokerage Co., Dothan, Ala.—It was reported that the Executive Committee had found that this concern had violated the Broker's Pledge.

Adjournment.—There being nothing further to come up, the Meeting was adjourned until the regular November Meeting to be held in New Orleans, one week before the Directors' Meeting in New York.

(Sgd.) FRANCIS R. VAN BUREN.

3801 *Government Exhibit 452*

HERSHEY CORPORATION,
Hershey, Pa., January 25, 1928.

GODCHAUX SUGARS, INC.,
Godchaux Bldg., New Orleans, La.
(Attention Mr. Moog.)

DEAR MR. MOOG: Your letter of 19th inst. was received and read with much interest.

Since writing you the last time, I have discovered my error and now understand that the Code of Ethics has been adopted by all the refiners in the United States, and, frankly, I am very glad to hear it, as it certainly will be our object and aim to cooperate to the fullest extent.

In the first place, it may interest you to know that *we are not shipping any sugar into the guaranteed* territory, and I am very much *in hopes that the California refiners will be so impressed with the sincerity* of the Eastern refiners that they *will decide to withdraw the guarantee* entirely, although, on the other hand, they may continue to guarantee in order to keep the other refiners out of a territory which they seem to think belongs to them.

I am familiar with the practice of the Savannah people in consigning cars of sugar on the quarterly payment plan, and this practice, I understand, they expect to continue at least in the States of Georgia, South Carolina, and North Carolina, and, of course, as long as they continue that arrangement, we will have to do the same, assuming that we continue to operate in that particular territory. However, according to my understanding, this is practically the same as split billing and which has been specifically mentioned in the Code of Ethics as being bad practice.

I thank you for the trouble you have taken to enlighten me on these various subjects, and hoping to have the pleasure of discussing some of these features with you personally in the near future, believe me, with best regards,

Yours truly,

EWING CAIN,
Hershey Corporation.

(Godchaux files.)

3802 *Government Exhibit 452–A*

Mr. EWING CAIN,
Hershey Corporation, Hershey, Pennsylvania.

DEAR MR. CAIN: Thanks very much for your letter of January 25th.

I have just returned from a visit to Chicago, where I had many interesting matters in reference to the new institute plans, and I trust that you will be visiting the South shortly, so that I can have

the opportunity of explaining to you in full detail these matters, as it would be too difficult to attempt to cover this matter fully by correspondence.

I do want to say, however, that I was *very much disappointed* at the information I received from *Mr. English* this morning, that on shipments to Montgomery, Opp, Florala, and Brewton, Ala., or other points where they have no *barge rate from Mobile*, he was going to *ship by rail at the barge rate.*

Mr. English will gain nothing by this, because C. & H., who also carry sugars at Mobile, will do the same, and where both yourself and C. & H. carry sugars in New Orleans, *why not* supply this trade from the New Orleans stock, *and have all freight rates uniform?*

Your favorable consideration of this suggestion will be greatly appreciated.

Very truly yours,

Senior Vice President.

J. Moog.
W.H.F.
(Godchaux files.)

3803 *Government Exhibit 452–B*

(Handwritten notation:) Freight rates & applications.

GODCHAUX SUGARS, INC.,
New Orleans, February 10, 1928.

Mr. SIDNEY BALLOU,
Executive Secretary, Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: I had the pleasure on last Wednesday evening of a meeting in Philadelphia with Mr. Ewing Cain, of the Hershey Company. Mr. Cain is very desirous of conducting his merchandising of sugar in *full accord with the Ethics of the Institute*, and asked me the question as to how he could form a contact with the Institute, so that he could know first hand and correctly what were the proper merchandising principles and also to whom he could go for advice in regard to any competitive conditions on sugar merchandising which he found. I took the liberty of advising him that you would be more than pleased to have a visit from him and that I knew that you were considering the question of the merchandising of sugar from its broadest aspect.

It is therefore Mr. Cain's intention to call on you shortly to discuss this matter, and I sincerely trust that not only yourself but the members of the Executive Committee will agree with my views on this matter, which are that the best good to the sugar industry can be accomplished by Mr. Cain having an intimate contact with you,

and therefore be in a position to feel that *he is safely and correctly advised as to sugar merchandising.*

In the course of my conversation with Mr. Cain the question came up as regards the selling of sugar in Mobile at the barge rate. Mr. Cain advised me that his intention is to only sell sugar on the barge rate in Mobile where the buyer purchases an entire carload at one time; otherwise, sugar would be sold on the prevailing rate, namely, the New Orleans rail rate.

This, in my opinion, is a fair attitude on this matter on Mr. Cain's part, and I trust that it will be so considered by all others, as it is by our company.

There is a peculiar situation in Alabama, namely, there are a number of points to which there are no barge rates published for shipment from Mobile. I attach a list of these points, showing the Mobile Intrastate rate, the New Orleans Barge Rate, and the New Orleans Rail Rates. Southern refiners located in New Orleans can ship sugars to these various points at the barge rate, which, while in many instances you will note, are the same as the Mobile Intrastate rates, yet the advantage of rail shipment from Mobile would be a shorter length of time in transit. There are quite a few points, however, where you will note that the Mobile intrastate rates are materially less than the barge rate. It was Mr. Cain's idea to ship to these points by rail and charge the barge rate.

3804 His doing so would again open up the question of differential rates, and in the interest of harmony I *suggested that the general uniformity of ruling of not applying barge rates on rail shipments for his consideration.* I told him that I fully realized that this meant that at points such as Montgomery, Opp, Florala, and Brewton, on which we had had discussion, as well as other points shown on the attached list, it would be to his disadvantage, from a sales viewpoint, to accede to my request, but, on the other hand, if he was going to treat one section of the state different from another section, it would create confusion in the jobbers' minds as to what was the prevailing basis for the purchase of sugar.

He promised to give serious consideration to this thought and advise me later as to his decision regarding his policy. In the meantime, I thought he would probably visit with you on these matters, and therefore deemed it advisable to forward the enclosed list and explain to you the results of our conference.

Very truly yours,

J. Moog.

(Institute files.)

3805 *Government Exhibit 452–C*

FEBRUARY 10, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.

GENTLEMEN: With regard to the freight application at Mobile, this is apparently one of the matters which may prove to be within the reservation which I made while in your employ, and on your behalf, to Section 3 (c) of the Code of Ethics. It is understood that if the situation is such that the customers are in position to use the differential route in sufficient quantity to take the market away from refiners delivering by other means, such refiners are at liberty to meet the application based upon the differential route.

I had this matter on the list to bring up formally at the last meeting of the Board of Directors, but it was crowded out for lack of time. I spoke, however, to Mr. *Moog* on the subject and he *said that he had no doubt that the question could be settled among the refiners directly interested*, and that he was going to see Mr. Cain, of Hershey's, the next day and that this was one of the subjects for discussion.

I am accordingly returning your file, and unless I hear further from you on the subject I shall assume that the question has been amicably settled.

Very truly yours,

Executive Secretary.

SB: BMF.
(Institute files.)

3806 *Government Exhibit 452–D*

HERSHEY CORPORATION,
Hershey, Pa., February 10, 1928.

GODCHAUX SUGARS, INC.,
Godchaux Bldg., New Orleans, La.

(Attention Mr. Moog.)

DEAR MR. MOOG: Referring to our conversation in Philadelphia on Wednesday evening regarding several points in Alabama to which we are unable to ship via Barge from Mobile.

There are a number of points like this in Alabama, and if you will give me the points to which you particularly refer, *I will be glad to look into the matter and see what can be done.*

Yours truly,

EWING CAIN.
HERSHEY CORPORATION.

(Godchaux files.)

3807 *Government Exhibit 452–E*

[Telegram]

Mr. EWING CAIN, MARCH 8, 1928.
Hershey Corporation, Hershey, Pennsylvania:

So far no change in differentials as *being held up awaiting action on part Colonial* Stop. *Candh* and some of *southern refiners getting rather restless* in reference to *Alabama rate situation* covered in my letter February thirteenth. Can you give me any further advice on your decision on this?

11:30 a. m.

(Godchaux files.) J. MOOG.

3808 *Government Exhibit 452–F*

GODCHAUX SUGARS, INC.,
New Orleans, March 20, 1928.

JUDGE SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: I beg to refer you to my letter of February 10th in reference to the Hershey situation in Alabama of selling sugar at various points for rail shipment at the barge rate, which position is being maintained by the Hershey Corporation due to the fact that there were no barge rates published from Mobile.

This matter of the rate situation has been under discussion between Mr. Ewing Cain, of the Hershey Corporation, and myself for some time past, but without being able to bring about a satisfactory understanding on this subject. On my return to New Orleans today, the C. & H. representative asked if anything had been done in reference to this matter, to which I was compelled to reply that so far Hershey had maintained their position that they would continue to ship by rail and charge the barge rate to those points in Alabama where they had no barge rate from Mobile, and where the Alabama intrastate rates were less than the prevailing New Orleans barge rate.

As far as I know, C. & H. and the New Orleans refiners have not followed this Hershey practice, as to do so would immediately establish an arbitrary rate basis.

I understand from press notices that the selling of Hershey Sugars in the United States is now in the hands of *H. H. Pike & Co.* of New York, and I therefore thought it best to put this situation up to you, *asking if you would kindly take same in hand to see if a correction*

of this situation can be accomplished, and thereby prevent any breaking down of what should be the normal rate basis in the Alabama territory.

Very truly yours,

J. Moog.

(Institute files.)

3809 *Government Exhibit 452–G*

Savannah Sugar Refining Corporation.

For Mr. Pardonner's information only.

3810 *Government Exhibit 452–H*

Savannah Sugar Refining Corporation,
March 22, 1928.

Memorandum to W. S. P. from H. R. H.
Subject: Barge rate territory.

I feel that we have been greatly penalized by eliminating the barge rate in our territory. The barge rate takes in five states in our territory, namely, Kentucky, Alabama, Tennessee, Illinois, and Indiana, which represented 20% of our invoicing for 1927.

The Barge Line installed an Express Service to Memphis, which is their big distributing point, and they are giving fourteen days' service from New Orleans to destination: I can think of no reasons why the buyer should give us business when he can get his sugar in fourteen days on terms 2% fourteen days, whereby he saves 7½¢ to 9½¢ per cwt. Up to the time the Barge Line installed the Express Service the time of transit was from 21 to 28 days to a great many places. Buyers like Ragland & Potter, who have seven branches in the barge-rate territory, and Jellico Grocery Company, who have five branches in the barge-rate territory, had been giving us up to the time of our elimination of the barge rate 100% of their business, have not bought any sugars from us and claim that they cannot give us the business, as their competitors are using the barge and they have to meet this competition; therefore it eliminates us entirely.

In 1926 we invoiced 16,500,000 pounds of sugar to Nashville, Tenn. In 1927 we only invoiced 4,500,000 pounds. This was on account of our not meeting competition; nevertheless, on an equal basis with New Orleans refiners, we are in position to get this business as we did in 1923–24–25. The same condition exists in Evansville, Ind. We invoiced 13,000,000 pounds in 1926 and 7,000,000 pounds in 1927. In Louisville, Ky., we invoiced 9,000,000 pounds in 1926 against 3,000,000

pounds in 1927. As I see it, we are going to lose all of this barge-rate territory business, and if this is the case, our invoicing for 1928 will be down to 250,000,000 pounds, as I do not see how we can make up for the business we are losing in the barge territory in our Eastern territory, as our competition is even keener this year than last. In other words, the *same competition exists at the present time as last year, plus the Hershey competition*—so far Hershey has distributed this year through Savannah about 12,600,000 pounds of sugar, part of which they are taking from us. It is only natural to believe the biggest part of this business is from us due to the fact that we do a much larger business than the American.

Due to our eliminating the barge rate, there is no doubt in my mind but that we have materially helped the Mississippi Warrior Barge in that they are getting their tonnage back which they had lost in *1926 and 1927 on account of the New Orleans refiners giving the barge rate but shipping via Rail.*

I am giving you a comparison of rates in a few towns in each of the States where we are affected, showing the Savannah All Rail Rate, New Orleans Rail Rate, Barge Rate and Absorption, as follows:

3811 [Omitted in printing.]

3812 In Tennessee, you will not, we are on an equal basis with New Orleans All Rail Rate, or below. In Kentucky, we are either the same or 1¢ or 2¢ above the New Orleans Rail Rate. The same applies to Indiana and Alabama.

I haven't shown any comparison of rates in Illinois, but on the all Rail Rate from Savannah as against the New Orleans all Rail Rate, there is only 2½¢ to 6¢ absorption or an average of about 3¢. Our absorption to meet the barge in Illinois will be an average of about 13¢.

In that the Barge Line has established this Express Service on the Mississippi River and the Warrior Service, which is distributed through Birmingport, their schedule is ten to twelve days. We should be in position to meet this on an equal basis by making the full absorption, but to points where delivery is beyond fourteen days, we could concede 3¢ which is the average water and rail absorption by independent companies.

I am listing below the invoicing in the barge rate territory for 1926 and 1927:

[List omitted in printing.]

The American are absorbing 20¢ in Savannah and 20¢ in certain towns in South Carolina to meet the Savannah rate, and they are carrying consignments and absorbing in the following points:

Macon, 13½¢; Athens, 12½¢; Albany, 12½¢; Augusta, 20¢ (plus handling charge at Savannah).

Both the American and Godchaux are carrying consignments in Atlanta, absorbing 8½¢ and Columbus 9½¢. We are making
3813 the following absorptions to meet the American and Pennsylvania through New Bern, N. C., and beyond via truck and rail:

To Savannah	New Bern	Combination	Absorption
Ahoskie	42½¢	29½¢	13¢
Farmville	42½¢	32½¢	10¢
Greenville	42½¢	29½¢	13¢
Plymouth	42½¢	32½¢	10¢
Nashville	44¢	36¢	8¢
Roanoke Rapids	42½¢	29½¢	13¢
Robersonville	42½¢	35½¢	7¢
Rocky Mount	42½¢	35½¢	7¢
Spring Hope	44¢	36¢	8¢
Washington	42½¢	32½¢	10¢
Weldon	42½¢	32½¢	10¢
Wilson	42½¢	35½¢	7¢
Zebulon	42½¢	36¢	6½¢

Pennsylvania have agreed to add to the actual rate of 11¢ from Baltimore to New Bern, *handling charges*, which would amount to about *5¢*, but the American so far are not willing to do this.

When the Lake & Rail rate goes into effect in April, the refiners who can use the rate are certainly going to use it, and the refiners who cannot get this rate will have to absorb from 5¢ to 6¢ or lose the business. If they do make this absorption, see no reason why we should not make the barge absorption.

Hershey is not only coming into Savannah but now has a broker at Wilmington, N. C., carrying consignments and works the State of North Carolina.

Our brokers in the Barge territory are getting very much dissatisfied, in fact, Walters, our broker in Birmingham, was in the office Tuesday, and intimated that he would have to get another sugar account, unless we could get on an equal basis. So far he has been able to control the Hill & Company business, who operate a chain of 400 stores. We can get a hundred per cent of this business on somewhere an equal basis.

I feel that we have worked too hard to establish ourselves in the Barge territory, and I know that we have made a good many friends in this territory, and anywhere near an equal basis will give us their business. Unless we are able to give the brokers a chance to get some business, we are going to lose out with them.

As it stands now, we haven't a chance to secure any of this business and when you consider this is 20% of the invoicing for last year, and we did not meet the malicious competition for quite some time; I think it represents too much of our business not to get on an equal basis.

3814 I feel that we have given up entirely too much and certainly not received anything in return. There should be an adjustment made in the barge territory where we would have at least a chance to get some of this business.

(Savannah files.)

3815 *Government Exhibit 452–I*

MARCH 26, 1928.

Mr. EWING CAIN,
Hershey Corp., Hershey, Pa.

MY DEAR MR. CAIN: I enclose herewith copy of letter from Mr. Godchaux relative to freight applications in Alabama. This is a matter which you have evidently discussed with Mr. Moog and therefore, presumably have some good reason for continuing to apply the barge rate at the points referred to.

The usual result in such cases is that your competitors are likewise driven to applying the barge rate and that you are then on the same relative basis of competition but all losing money through freight absorptions to which you are justly entitled.

I should be glad to know what there is about this Alabama situation that makes it for your interest to invite this result. You are on the same basis as the C. & H. so far as competition with sugar originating at New Orleans is concerned, and I note that the *C. & H. are still applying the rail rate.*

I hope you will inform me as to the facts of the situation and help me work out a solution that is for the best interest for all concerned.

Very truly yours,

Executive Secretary.

SB/C.
Encl.
CC/ to H. H. Pike Co.
(Institute files.)

3816 *Government Exhibit 452–J*

H. H. PIKE & CO., INC.,
New York, March 28th, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. Sidney Ballou.)

MY DEAR MR. BALLOU: I have your letter of the 26th inst., with relation to the application of barge rates on rail shipments to a few points in Alabama to which we have no barge rates from Mobile.

Unfortunately, the correspondence in connection with this subject is in my office at Hershey and, upon my return there within the next few days, *I will be glad to look into the matter further and advise what, if anything, can be done along the lines suggested by you.*

Very truly yours,

EWING CAIN.
H. H. PIKE & CO., INC.

(Institute files.)

3817 *Government Exhibit 452–K*

[Telegram]

NEW YORK, N. Y., *Mar. 31, 1928—4:37 p. m.*

J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg.,
New Orleans, La.

Understand that *carloads* are sold *in Mobile on barge rate* from New Orleans but would like full information as to whether this extends further up into barge territory served from Mobile; kindly advise if barge rates from New Orleans or from Mobile is recognized by Institute members and C. and H. as properly applicable to any points in Alabama or Georgia except carloads for local delivery Mobile.

THE SUGAR INSTITUTE, INC.

(Godchaux files.)

3818 *Government Exhibit 452–L*

[Telegram]

NEW ORLEANS, LA., *Apr. 2, 1928—11:01 a. m.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

Hershey only one so far selling straight carloads from spot stocks Mobile at barge rate although undoubtedly C. and H. would if necessary avail themselves this same privilege as they also have sugars stored there Stop. Hershey selling sugars rail shipment Mobile and applying *New Orleans barge rate* to all points Alabama listed
3819 in my letter to you February tenth, and in addition also include Montgomery, Alabama, even though they have barge service from Mobile to that point Stop. Neither C. and H. nor any other southern refiners are meeting this competition, as *all taking the position barge rates only applicable on direct barge shipments* Stop. Hershey Alabama rate situation along with general attitude on *package differentials* very disturbing.

J. MOOG.

(Institute files.)

3820 *Government Exhibit 452–M*

FEBRUARY 13, 1928.

Mr. EWING CAIN,
Hershey Corporation,
Hershey, Pennsylvania.

DEAR MR. CAIN: In reference to the Alabama situation, I find on further investigation, after my return here, that on December 15,

1927, there was a barge rate of 28½¢ per cwt. established for shipments of sugar from Mobile to Montgomery, Ala., and therefore Montgomery, which was one of the important points of discussion when I had the pleasure of seeing you, is now automatically solved, as *I know* with the barge rate from Mobile, *you will be glad to conform to what other refiners are doing, namely, make actual barge shipments to Montgomery where demanded by the buyers.*

According to our traffic department, the Alabama points to which there are barge rates from New Orleans and no barge rates from Mobile, are as per the list attached. When Mr. English first spoke to me on the subject, the only points he had in mind of shipping rail at the barge rate, were *Brewton, Florala, Opp, and Montgomery.* The latter, as explained above, is now eliminated. Just what idea he had in mind in taking these points and not the other points, of course, I do not know.

The difference in rate between the New Orleans barge rate and the New Orleans rail rate, you will notice in looking over the attached sheet, is so small, being only about 4½¢ to most points, that I really believe there will be very little sugar actually moved by barge from New Orleans to these points. This, for the reason that *rail shipments are payable 7 days after arrival, whereas, barge shipments are payable 14 days after date of shipment*, and without the guarantee, the buyers are going to be inclined to want to have their sugars move to them as quickly as possible, so as to have as little delay as possible between the shipping and disposition of the merchandise.

As explained to you when I had the pleasure of seeing you in Philadelphia, any one refiner putting in special rates, would simply mean that with special rates to these individual points, it might lead to the establishing of these rates as the prevailing rates over a broad territory, which I am hopeful could be prevented by all refiners being uniform in their interpretation of the prevailing rates. I likewise fully realize that I am asking quite a bit of you in mak-
3821 ing this suggestion to you, but *I sincerely trust that in the interest of the industry as a whole, you will see your way clear to establish the rule, as others have, of barge rates only on actual barge movements of sugar.*

I await with very material interest hearing from you further on this matter.

Very truly yours,

J. Mooc,
Senior Vice President.

(Godchaux files.)

3822 *Government Exhibit 452–N*

List of Alabama points to which no barge rate published from Mobile

	Mobile intrastate rate	N. O. barge rate	N. O. rail rate
Andalusia	31½	31½	36
Atmore	28½	28½	33
Brewton	28½	28½	33
Clanton	32½	32½	36
Demopolis	18½	28	33
Evergreen	28½	28½	33
Florala	34½	35	39½
Geneva	35	35	39½
Georgiana	28½	28½	33
Greenville	28½	28½	33
Montgomery	19½	28½	33
Opp	35	35	39½
Samson	35	35	39½
Selma	18½	28	33
Tuscaloosa	18½	29	36
Wetumpka	25	40½	47½
York	18½	28	33

(Handwritten notation:) Effective 12/15/27: 28½.
(Godchaux files.)

3823 *Government Exhibit 452–O*

APRIL 4, 1928.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: In further amplification of the question of the Hershey competition, I beg to advise that the handling of *Hershey* Sugar in the South seems *more and more to be becoming a disturbing factor*, and is bringing about a viewpoint in the minds of the jobbers that the Institute Rulings on sales ethics are not enforceable.

The general jobbing trade in the small towns in the South, of course, have no distinct understanding of the situation, and *do not realize that Hershey are not members of the Institute* and are not conforming to the ethics of same.

The latest situation which has arisen as regards Hershey sugars is that they are not insisting on contracts being completed within *30 days*. In this morning's mail, we have a letter from Tampa, Florida, and one from Montgomery, Alabama, in which we are definitely advised that sugar which Hershey booked at $5.60 on the market change of February 24th has not yet been taken out of the warehouse by the buyers, and that Hershey is not crowding them to accomplish delivery within the 30-day period. While the volume of Hershey sugars is small, yet I believe you can well realize the viewpoint which it builds up in the minds of the jobbers.

In addition to this, I was just advised yesterday by the C. & H. local office that they had decided to follow the Hershey competition in Alabama insofar as selling sugar from Mobile spot stocks on the New Orleans barge rate was concerned, and, in addition to this, they would ship sugars throughout the State of Alabama by rail to the points where Mobile has no barge rates but where the New Orleans barge rates exist, and in this case, even with rail shipment, they would allow the barge rates and rail terms.

With C. & H. and Hershey both operating on this basis in the State of Alabama, and with Hershey not enforcing deliveries on contracts within the 30-day time, it has brought about a situation most disturbing to the producers of Southern refined sugar. *I therefore sincerely trust that the Southern refiners will have the support of the Eastern refiners in lining up this Hershey competition*
3824 through negotiations with H. H. Pike Co., who are the parties who seem to control entirely the Hershey policy.

I would appreciate very much hearing from you on this matter.

Very truly yours,

J. Moog.

(Godchaux files.)

3825 *Government Exhibit 452–P*

GODCHAUX SUGARS, INC.,
New Orleans, April 5, 1928.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Referring to our exchange of wires this date in reference to C. & H. having now instituted certain new rules as regards rates in Alabama, I thought it best to write you further on this question, for the reason that I greatly fear that C. & H. notification, if literally applied, would bring about rail shipments at the barge rate to all the State of Alabama, and once instituted there, it means that it will spread again to Tennessee and Kentucky.

According to the notification of C. & H., they would, at their option, ship sugar from Mobile to any Alabama point by rail, paying the intrastate rate and charging the customer the barge rate. In talking to Mr. Strattman, their local representative, I found that he recommended to C. & H. in California that he be permitted to follow the Hershey lead of selling sugar rail shipment from Mobile at the barge rate, and with the rail terms, to the points listed in the attached. As previously written you, the reason given by Hershey for shipping sugar to the attached list by rail and allowing the New Orleans barge rate was the fact that Mobile had no barge rate to these points.

Originally, Hershey included in this list Montgomery, Alabama, with an *intrastate rate of 18–1/2¢*, a New Orleans barge rate of 28–1/2¢ and a New Orleans rail rate of 33¢. When making a de-

tailed investigation of this matter, I found that on December 15, 1927, there had been a barge rate put in from Mobile to Montgomery of 28-1/2¢, the same as the New Orleans barge rate. I took this matter up with Hershey, and they then said that the reason for still continuing to ship sugar by rail from Mobile to Montgomery and allowing the New Orleans barge rate was the fact that barge shipments from Mobile to Montgomery would clear through the Tuscaloosa gateway, as compared with barge shipments from New Orleans to Montgomery clearing through Mobile, and therefore having two days less transit time.

Therefore, even though Mobile has a barge rate to Montgomery, Hershey continues to ship by rail to Montgomery, and charges the barge rate. The reason for this is apparent, as *they have a saving of 10¢ per cwt.* in doing so, as they bill on a delivered basis, *using the barge rate and paying only the intrastate* rail rate.

In discussing this matter with C. & H. representative today, he stated that he now understood that Hershey was selling sugar in Birmingham, Ala., for rail shipment at the New Orleans barge rate.

The Birmingham rates are as follows:

3826

New Orleans Rail rate	36¢
New Orleans Barge Rate	29¢
Mobile Intrastate Rate	18½¢
Mobile Barge Rate	26¢

Following out the thought which C. & H. had in mind when issuing their advice as to the Alabama situation, and based on what their local representative has said to me today regarding Birmingham, it appears to me that unless this matter is brought to a stop immediately, in the very near future it will lead to C. & H. and Hershey shipping to all Alabama points by rail where they have intrastate rates less than the barge rates, with their charging the barge rate, as back of the entire thing, to my mind, is the *objective of Hershey and C. & H. simply picking up the profit between the Alabama Intrastate rates and the barge rates.*

The sixteen points in question shown on the attached list have a maximum monthly volume of 20,000 bags of sugar, and as this volume is divided up among 5 competitors, I believe you can well realize that it is not the question of the loss of volume that is actuating the move on the part of C. & H. and Hershey, but rather the additional profit picked up on the rates, as previously mentioned.

The final answer of this situation will be the return to what existed in Alabama previously at many points, namely, the establishment of arbitrary rates. In other words, the New Orleans and Savannah refiners selling sugar at arbitrary rates, namely, the Alabama intrastate rates. This would mean an absorption of 10¢ or less to various points, as what the New Orleans and Savannah refiners would have to do would be probably to arrange to follow Savannah's action in Georgia and store sugar in the jobber's warehouse at all points, shipping it there by barge, so as to have it there at the lowest possible rate, and billing the customer on the basis of

the Alabama intrastate rates. *This, of course, would effectually kill the advantage of Mobile for Hershey and C. & H.*

I believe the Institute has been formed to prevent just such a situation, and please understand that I am not in any way giving thought to our company taking an action such as this unless we are forced to do so by what I consider the unfair competition of Hershey, and especially C. & H. I say "especially C. & H." for the reason that except to pick up the small profit of a few cents in the freight advantage by having sugar stored in Mobile, there is no reason why they cannot handle the Alabama territory exactly the same as the New Orleans refiners, because they carry large stocks in New Orleans. Hershey alone carrying stocks in Mobile would not be sufficient to disturb the situation in Alabama, as if C. & H. ignored their activities, other refiners could do likewise without any material effect, but with C. & H. and Hershey both using Mobile as a base of supply, it becomes too heavy a burden for the New Orleans refiners to carry.

I would very much appreciate hearing from you on this matter, as I consider it a very serious one.

Very truly yours,

J. Mooo.

(Institute files.)

3827 *Government Exhibit 452–R*

[Telegram]

APRIL 5, 1928.

WM. S. PARDONNER,
Savannah Sugar Ref'g Corp'n,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

Have taken up Alabama barge rate situation with Candh and Hershey and believe can localize absorptions, if not abolish them altogether. Please take no action until I have had a few days to work this out.

THE SUGAR INSTITUTE.

(Institute files.)

3828 *Government Exhibit 452–S*

[Telegram]

APRIL 5, 1928.

CALIFORNIA & HAWAAIAN SUGAR REFINING CORP'N,
215 Market Street, San Francisco, Calif.

I have been trying for two weeks to straighten out barge-rate application situation in Alabama. Have been delayed by transfer of Hershey selling business to Pike, who were unfamiliar with details. Hope result of your action will be to bring matters to a focus Stop. Dispute on size car loads at Mobile, however, is news to me.

Who has been selling *three hundred thirty* bags as a car and is there any justification in local railroad tariff for this Stop. *Am notifying Imperial to stop split billing.*

THE SUGAR INSTITUTE.

(Institute files.)

3829 *Government Exhibit 452–T*

[Telegram]

NEW YORK, N. Y., *April 5, 1928—1:38 p. m.*

J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La., Care GTC.

Candh notifies Institute as follows: Quote To meet existing competitive situation, we have announced effective today delivery conditions Alabama market as follows: Mobile proper, New Orleans barge application on three-hundred-thirty-bag deliveries; New Orleans rail application smaller lots Stop. No drayage allowance, payment seven days after delivery Stop. To all other Alabama points where New Orleans barge rates published, we will apply.

(Godchaux files.)

3830 *Government Exhibit 452–T*

[Telegram]

NEW ORLEANS, LA., *Apr. 5, 1928, 1:38 p. m.*

That rate shipment to be at *seller's* option via barge from either New Orleans or Mobile *or rail from Mobile* Stop. Foregoing when barge shipment actually specified as on all specified rail shipments, New Orleans rail application to apply Stop. *We allowing fourteen-day-payment terms on specified barge shipments Unquote.*

THE SUGAR INSTITUTE.

(Godchaux files.)

3831 *Government Exhibit 452–U*

NEW YORK, N. Y., *Apr. 5, 1928, 4:50 p. m.*

J. MOOG:
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.

Thanks for wire. Have *taken matter up with Hershey and hope for settlement. Have wired Savannah to take no action, and depend on you to induce New Orleans refiners to give me a few days to work matter out.*

THE SUGAR INSTITUTE.

(Godchaux files.)

3832 *Government Exhibit 452–V*

[Telegram]

NEW ORLEANS, LA., *Apr. 5, 1928, 4:26 p. m.*

Judge SIDNEY BALLOU:
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

Since receiving wire Candh notification, have talked local representative, who taking matter up with California as indicates notification not in accordance with his recommendation as only contemplates making rail shipment with barge rate to sixteen points Alabama, where New Orleans barge rate exists but no barge rate for Mobile. Stop. Also states on rail shipments, barge rate rail terms apply Stop.

(Institute files.)

3833 *Government Exhibit 452–V*

[Telegram]

NEW YORK, *Apr. 5, 1928, 4:26 p. m.*

Have explained southern refiners but thought best wire you as am fearful Savannah may misinterpret and take action which might precipitate instituting rail shipment barge rates to all points Alabama which from there would spread generally Stop. Personally feel Candh action not warranted by volume at Rish, and possibility jeopardizing rate structure Stop. *Trust Institute can prevail on both Candh and Hershey withdraw this rule.*

J. MOOG.

(Institute files.)

3834 *Government Exhibit 452–W*

GODCHAUX SUGARS, INC.,
New Orleans, April 6, 1928.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Since writing you my letter of yesterday, I have received a letter from Seavey & Flarsheim Brokerage Co.'s representative here, Mr. Strattman, a copy of which I attach hereto.

You will note by reading the attached that the rule which C. & H. have made goes even further than the position taken by Hershey on the Alabama rate situation, as Hershey has only endeavored to maintain the position that he wanted to ship sugar by rail from Mobile at the barge rate to points in Alabama where he did not have the barge rate, or to points such as Montgomery, where, even though he had a barge rate, he was at a disadvantage in transit time by barge.

C. & H. have ruled, however, that their Southern representatives can ship from Mobile by rail at the barge rate to the entire state of Alabama, as you will see by Item 2 that they do not confine their authorization to the same position which Hershey had maintained. I thought it best to send you this for the reason that it is self-apparent from the C. & H. rule that their objective is simply to pick up the difference in freight between the Alabama intrastate rates and the barge rates.

I hardly feel that when Mr. Rolph realizes the small volume of business affected and the potential profit of only a few hundred dollars per month which is involved, that he will want his sales representatives to tear down the present rate structure for sugar sales in Alabama.

C. & H.'s local representative here states that while he has this authority from C. & H., yet he is requested by them not to use it unless he finds that Hershey is doing likewise, but as indicated to you in my letter of yesterday, C. & H.'s local office already have in mind the fact that Hershey is shipping to Birmingham by rail and charging the barge rate. This is due to C. & H.'s broker in Birmingham so advising them, although, strange to say, *neither American, Henderson, nor ourselves* have had any such advice from Birmingham, therefore indicating to me that tools such as this placed in the hands of C. & H. brokers become extremely dangerous because they can use them simply on the theory of hearsay, and I believe that we all realize that brokers are prone to draw on their imaginations when it permits them to have a sales advantage over competing brokers.

3835 I, therefore, trust that you will be able to have C. & H. withdraw this entire rule in the interest of harmony, as well as have Hershey do likewise.

Very truly yours,

J. Moog.

(Institute files.)

3836 *Government Exhibit 452–X*

SEAVEY & FLARSHEIM BROKERAGE CO.,
New Orleans, La., April 5, 1928.

GODCHAUX SUGARS, INC.,
New Orleans, Louisiana.
(Attention Mr. J. Moog.)

GENTLEMEN: In accordance with our conversation, we quote herewith the three decisions rendered by C. & H. affecting the Alabama territory which is served from Mobile:

1. *Mobile proper.*—Local deliveries in Mobile ex the Mobile stock on 330-bag lots to take New Orleans barge application. On smaller lots to take the New Orleans rail application.

2. *Points in Alabama* to which barge rates *from Mobile are published.*

Where customer specifies *barge shipment*, shipment to be made, *at our option*, either from *New Orleans via barge*, or *Mobile via barge or rail*, and New Orleans barge rate to apply. Where customer specifies rail shipment, New Orleans rail application to be used, our option ship either from New Orleans or Mobile.

3. *Points to which* barge rates from New Orleans are published but to which no barge rates from Mobile are published.

Where customer specifies barge shipment, we have option of delivering by rail shipment from Mobile, New Orleans barge rate to be applied. The intent of the foregoing is to avail ourselves of the Alabama intrastate rates, which are lower than the barge quotations either ex Mobile or ex New Orleans. Where customer specifies rail shipment, New Orleans rail application to be used; our option ship either from New Orleans or Mobile.

3837 With reference to the second decision affecting points in Alabama to which barge rates for Mobile *are* published, you will note that the Refinery states that they will, at their option, ship from Mobile *via barge or rail, applying the New Orleans barge rate*, and on this point we have held in abeyance our advice to our Alabama brokers that we would put these terms into effect for the reason that we have not been able to ascertain definitely whether or not Hershey were shipping sugars into any other than the sixteen points in Alabama, of which much has been said.

So, as we advised you over telephone, on our last turn we advised Butler & Smith that we would accept business from those points to which Hershey was allowing the barge rate on rail shipments, but took no similar action affecting the other Alabama territory, and are continuing to ship these points barge from New Orleans.

Trusting that this will clarify the situation as far as our advice to you on the date that we notified our brokers to make these terms, which, as you can see, has not been changed from that advice, we are,

Yours very truly,

SEAVEY & FLARSHEIM BKGE. CO.,
L. C. STRATMANN, Jr.

(Godchaux files.)

3838 *Government Exhibit 452–Y*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., April 6, 1928.

MY DEAR JUDGE BALLOU: I thank you for your wire of the 5th inst. as follows:

"Have taken up Alabama barge rate situation with C. and H. and Hershey, and believe can localize absorptions if not abolish them altogether. Please take no action until have had a few days to work this out."

We will not take any action on the barge situation before the Directors' Meeting of the 12th inst. As I wrote you, I contemplate bringing up our Mr. Harris, Vice President in Charge of Sales, so that we can go into this matter fully. Unfortunately, we are isolated, you might say, in this situation, and it has not worked out, so far this year, as I hoped it would.

With personal regards, I am,

Yours very truly,

W. S. PARDONNER, *President.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

(Institute files.)

3839 *Government Exhibit 452–B1*

[Telegram]

NEW YORK, N. Y., *Apr. 14, 1928—5:11 p. m.*

J. MOOG,
Godchaux Sugars, Inc., New Orleans, La.

Savannah and Hershey are claiming that shipments by barge at customer's request have reached such a volume in Alabama and possibly in Tennessee and Kentucky *as to preclude any business being obtained by them on higher basis* Stop. Action by C. & H. would apparently show same belief Stop. *I shall have to make a prompt decision on this matter, and suggest that you come here for a conference* during week of April sixteenth, wiring me date as soon as possible so that I may advise others interested.

SUGAR INSTITUTE.

(Godchaux files.)

3841 *Government Exhibit 452–C1*

[Telegram]

APRIL 14, 1928.

WILLIAM HENDERSON,
Henderson Sugar Refinery,
749 South Peters Street, New Orleans, La.

I am wiring Moog to attend a conference to determine whether volume of shipments by barge at customer's request is sufficient to necessitate breaking down allrail application in Alabama and possibly Tennessee and Kentucky for the benefit of refiners in shipping by barge from New Orleans. Would you like to be represented at this conference, if not, will you give Moog all statistics necessary to present a complete picture of New Orleans shipments, assuming American and Colonial statistics will be available here?

SUGAR INSTITUTE.

(Institute files.)

3842 *Government Exhibit 452–E1*

[Telegram]

APRIL 14, 1928.

W. J. MCCAHAN SUGAR REFINING & MOLASSES COMPANY,
101 South Front Street, Philadelphia, Pa.

In connection with special meeting called Thursday, April twenty-sixth, imperative I have by Monday, April twenty-third, following statistics monthly deliveries in bags for January, February, and March for each of states of Alabama, Tennessee, and Kentucky.

THE SUGAR INSTITUTE.

(Institute files.)

3843 *Government Exhibit 452–G1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 16, 1928.

To all Members of the Sugar Institute, Inc.

GENTLEMEN: There will be a special meeting of those members of the Sugar Institute who are interested in the following question, together with representatives of Hershey, California & Hawaiian, and Porto Rican "Snow White", in the Board Room of the Sugar Institute on Thursday, *April twenty-sixth*, at 1:30 P. M.

Question for discussion.—Should freight applications in Alabama, Tennessee, and Kentucky be on the all-rail or the barge basis?

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.
E. T. F.

(Revere files.)

3844 *Government Exhibit 452–H1*

[Telegram]

NEW ORLEANS, LA., *Apr. 16, 1928—12:48 P. M.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

Unable attend barge conference Stop. You have our statistics. Sorry Mr. Moog not attending, but believe you understand our position. Please keep us fully advised.

WM. HENDERSON.

(Institute files.)

3845 *Government Exhibit 452–J1*

[Telegram]

NEW ORLEANS, LA., *Apr. 16, 1928—1:11 P. M.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

Very inconvenient spend week away present time as be necessitated by trip to New York Stop. Compelled state Hershey's C. and H. attitude reference barge shipment interferring their business not tenable, inasmuch they outside shippers to various ports could as readily bring sugars New Orleans as Mobile, thereby being same position New Orleans refiners Stop. This, in my opinion, precludes consid-
3846 eration their claims Stop. Reference Savannah, if they don't want respect *basic strategic location New Orleans refiners*, then compelled consider their taking unfair attitude, as if they make rail shipments barge rate Alabama, Tennessee, Kentucky territories they simply emulating position New Orleans refiners without basic right, which, as far as our company concerned, would mean we be compelled publicly announce that for certain points Tennessee, Kentucky Alabama *we would establish for rail shipment as arbitrary rates the prevailing barge rates, and likewise be compelled announce*
3847 *that any buyers taking sugar barges movement barge rates terms would be refunded the difference between barge and rail* rate, which we would have to absorb if buyer demanded rail forwarding Stop. *This exactly what were doing prior formation Institute*, net result being New Orleans was maintained in rightful position it has by reason of water transportation, and we held our trade, which is same trade still shipped by barge Stop. *We, respecting Savannah's position Georgia, expect them respect basic position New Orleans re-*
finers Stop. Mailed you Saturday our figures sugars barge
3848 forwarding, which trust you will ombine with others and study as against total distribution by States before permitting this subject be discussed Stop. Considering population and location jobbing centers as indication sugar distribution, New Orleans rail rates are lowest to over fifty percent Tennessee, seventy-five percent Kentucky, Alabama, and for balance these States for majority sugar consumption equal Savannah Stop. In addition New Orleans barge rates are lowest to virtually all of States Kentucky, Tennessee, and seventy-five percent Alabama, therefore mileage and rate state-
3849 ment submitted by Pardonner means nothing to me, because does not give consideration to sugar distribution, but simply to names of cities and towns.

J. Mooe.

(Institute files.)

3850 *Government Exhibit 452–K1*

SUGAR INSTITUTE INC.

[Copy]

Minutes of Executive Committee Meeting of April 17th, 1928
(Draft—not approved)

The Executive Committee met in the Board Room of the Sugar Institute at 2:30 p. m.

Present: Mr. Post, Chairman of the Board; Messrs. Goetzinger, Hoodless, Keiser, Foster, and Rionda, Members of the Executive Committee; Mr. Zabriskie, Executive Vice President; Mr. Ballou, Executive Secretary.

The minutes of the Executive Committee meeting of April 10th, as circulated among the members, were approved.

The Executive Secretary reported that a serious question had arisen as to the *proper freight application in Alabama* and those portions of Kentucky and Tennessee served by the Warrior River division of the Government Barge Line. It was the contention of *Savannah* that the *competitive situation necessitated their meeting the barge application with all-rail deliveries*, which contention was opposed by New Orleans refiners. The situation was complicated by the fact that both California and Hawaiian and Hershey were selling in the same territory through Mobile.

The matter of an assistant to the Executive Secretary was brought up and several names suggested. The Executive Secretary was authorized to communicate with Mr. Fred G. Taylor, of Ogden, to see whether he would be available for the position.

The meeting then adjourned to the next regular meeting day, Tuesday, April 24th, 1928.

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

3851 *Government Exhibit 452–L1*

APRIL 17, 1928.

Mr. WM. S. PARDONNER,
Savannah Sugar Refining Corp'n.,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

MY DEAR MR. PARDONNER: The enclosed telegram from Mr. Moog is forwarded to you so that you may have advance information of the position which will be taken by the New Orleans interests at the special meeting of April 26th.

Very truly yours,

Executive Secretary.

SB:BMF.
(Savannah files.)

3852 *Government Exhibit 452–M1*

[Telegram]

NEW ORLEANS, LA., *Apr. 17, 1928, 12: 48 p. m.*

JUDGE SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

Referring special meeting April twenty-sixth suggest if possible be deferred to a day immediately prior regular monthly directors' meeting May tenth Stop. Suggesting for reasons feel positive trend special meeting will *bring out general question basic position various refiners* Stop. My views Savannah position feeling need pressing for volume—Tennessee Kentucky brought about by pressure
3853 from eastern refiners selling sugars Georgia Carolinas Stop. Reason we not able step back in favor Savannah in Tennessee Kentucky territory as they request is we hedged in on West by action Imperial Texas City refiners establishment arbitrary rates Texas thereby preventing our doing any volume this territory without excessive freight absorption Stop. Should Institute *decide* favorably contentions Candh, Hershey, Savannah as regards Alabama, Tennessee, Kentucky, we would be compelled make available our
3854 basic position of water transportation Houston at fourteen-cent rate thereby tearing down present Texas rate structure Stop. Consider present question most serious one facing institute, therefore not question for individuals at interest but question for all members Institute; am submitting these views for consideration yourself executive committee.

J. MOOG.

(Institute files.)

3855 *Government Exhibit 452–N1*

[Telegram]

NEW YORK, N. Y., *Apr. 17, 1928—6: 14 p. m.*

J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.

Savannah has been insistent for some time that it must meet barge rate in Alabama, and in view of Pardonners present attitude I do not believe that it will be possible to postpone action beyond April twenty-sixth; therefore must hold meeting as called. Stop. This matter unfortunately is not one of Institute members only; and
when Savannah claims that it is being put out of business in
3856 *adjoining State by sugar refined in San Francisco and Cuba, I think it is entitled to a hearing at an early date.* Stop. In view of obvious seriousness of question, am urging all directors to

attend whether directly interested or not; I believe that your *presence at the meeting is more important than any other business you may have.*

SIDNEY BALLOU.

(Godchaux files.)

3857 *Government Exhibit 452–O1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 17, 1928.

To all directors of the Sugar Institute, Inc:

GENTLEMEN: In view of correspondence received, I feel obliged to notify you that the matter of proper freight application in Alabama, Kentucky, and Tennessee, involving conflicting claims of Savannah and New Orleans, is the most serious question which has thus far confronted the Institute. I therefore urge you to attend the special meeting called for Thursday, April 26, whether your refinery is directly interested in this question or not.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

3858 *Government Exhibit 452–P1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 17, 1928.

Mr. GEORGE E. KEISER,
Colonial Sugars Company, o/o Cuban-American Sugar Company, 136 Front Street, New York, N. Y.

MY DEAR MR. KEISER: In connection with the special meeting called for Thursday, April 26th, it is imperative that I have by Monday, April 23rd, the following statistics:

Total shipments, in bags, to consignment by barge on your account in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1928.

Total shipments in bags by barge at customers' request, on your account, in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1928.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

3859 *Government Exhibit 452–Q1*

APRIL 17, 1928.

Mr. JAMES H. POST,
President National Sugar Refining Company,
129 Front Street, New York, N. Y.

MY DEAR MR. POST: In connection with the special meeting called for Thursday, April 26th, it is imperative that I have by Monday, April 23rd, the following statistics:

Total deliveries in bags in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1927 and 1928; also, the total deliveries for the year 1927.

Very truly yours,

Executive Secretary.

WP/C.
(Institute files.)

3860 *Government Exhibit 452–R1*

APRIL 17, 1928.

Mr. RUDOLPH SPRECKELS,
Federal Sugar Refining Company,
82 Wall Street, New York, N. Y.

MY DEAR MR. SPRECKELS: In connection with the special meeting called for Thursday, April 26th, it is imperative that I have by Monday, April 23rd, the following statistics:

Total deliveries in bags in each of the following states: Alabama, Tennessee, and Kentucky for the month of March 1928.

Very truly yours,

Executive Secretary.

WP/C.
(Institute files.)

3861 *Government Exhibit 452–S1*

APRIL 17, 1928.

Mr. M. E. GOETZINGER,
Arbuckle Brothers,
71 Water Street, New York, N. Y.

MY DEAR MR. GOETZINGER: In connection with the special meeting called for Thursday, April 26th, it is imperative that I have by Monday, April 23rd, the following statistics: Total deliveries in bags in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1927 and 1928; also the total deliveries for the year 1927.

Very truly yours,

Executive Secretary.

WP/C.
(Institute files.)

3862 *Government Exhibit 452–T1*

APRIL 17, 1928.

Mr. W. EDWARD FOSTER,
President American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. FOSTER: In connection with the special meeting called for Thursday, April 26th, it is imperative that I have by Monday, April 23rd, the following statistics:

The total deliveries in bags in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1928.

Total shipments in bags to consignments by barge on your account in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1928.

Total shipments in bags by barge at customers' request in each of the following states: Alabama, Tennessee, and Kentucky for the months of January, February, and March 1928.

Very truly yours,

Executive Secretary.

WP/C.
(Institute files.)

3863 *Government Exhibit 452–U1*

[Telegram]

APRIL 16, 1928.

WM. T. ELDRIDGE,
Imperial Sugar Company,
Sugarland, Texas.

In connection with special meeting called Thursday, April twenty-sixth, imperative I have by Monday, April twenty-third, following statistics: Monthly deliveries in bags for January, February, and March for each of states of Alabama, Tennessee, and Kentucky. Stop. Shipments in bags for January, February, and March of consignments by barge your account for same states. Stop. In like manner barge shipments at customers' request.

THE SUGAR INSTITUTE.

(Institute files.)

3864 *Government Exhibit 452–V1*

[Telegram]

APRIL 16, 1928.

REVERE SUGAR REFINERY,
333 Medford St[redacted] Charlestown, Mass.

In connection with special meeting called Thursday, April twenty-sixth, imperative I have by Monday, April twenty-third, following

statistics: Monthly deliveries in bags for January, February, and March for each of states of Alabama, Tennessee, and Kentucky for nineteen twenty-seven and twenty-eight, Total for year nineteen twenty-seven.

THE SUGAR INSTITUTE.

(Institute files.)

3865 *Government Exhibit 452–W1*

[Telegram]

SAVANNAH, GA., *April 17, 1928.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

In view of express shipments by barge and fact that C. and H. and others will take lake and rail rate as soon as that is available and fact that American has advantages in North Carolina due to water rate and we have no differential rates at all while nearly everyone else has differentials it seems we will be forced to go to barge rate but we are *perfectly willing to go to it on a mileage basis.* You have copy of statement compiled on that basis.

PARDONNER.

Copy to W. Edw. Foster, M. E. Goetzinger, Rudolph Spreckels, W. H. Hoodless.

(Savannah files.)

3866 *Government Exhibit 452–Y1*

APRIL 18, 1928.

Mr. WILLIAM S. PARDONNER,
Savannah Sugar Refining Corp'n,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

MY DEAR MR. PARDONNER: I shall be sorry if you cannot personally be present at the meeting on Thursday, April 26th. If you cannot, however, I hope you will be represented by some responsible executive of your company, as well as by Mr. Harris, your Sales Manager.

The reason that I suggest a second official is because every Sales Manager is concerned primarily with the volume of sugar which he sells and is not accustomed to looking at the broad view of the *profit to the corporation*, much less a broader view of the interests of the industry as a whole. The sugar business is not the only business which in the past has exaggerated the importance of the volume of sales and has had to learn that excessive emphasis on volume is unwise.

As you see from Mr. Moog's telegrams, another of which I enclose, the matter of freight application in Alabama has assumed a most serious importance, *threatening the very existence of the Institute.* The only way to handle it is to get all concerned together and *ap-*

proach the matter in the same spirit of give and take as led to the formation of the Institute.

I appreciate the contention which you are making and if the facts justify you are entitled to the relief you ask, but I must have time to get the figures together which will give all concerned the complete picture, so that I can demonstrate to those adversely interested that your contention is sound. If you or Mr. Moog start in to take arbitrary action without giving time for consultation and conciliation the consequences may be most serious.

Sincerely yours,

SB/C. *Executive Secretary.*

(Savannah files.)

3867 *Government Exhibit 452–B2*

[Telegram]

NEW ORLEANS, LA., *Apr. 18, 1928—11:29 a. m.*

Judge SIDNEY BALLOU,

Executive Secretary, The Sugar Institute, Inc., 129 Front St., New York, N. Y.:

Will arrange be present meeting April twenty-sixth Stop. Do I understand only question to be discussed is Alabama, as if so, this simplifies matters Stop. However, if rail shipments barge rates Kentucky, Tennessee, also be discussed, as indicated your earlier wires, then urgently suggest presence Texas refiners, as I will expect discussion Texas rates same time as Tennessee, Kentucky rates for reasons explained my wire yesterday.

J. MOOG.

(Institute files.)

3868 *Government Exhibit 452–C2*

[Telegram]

NEW YORK, N. Y., *Apr. 18, 1928—2:16 p. m.*

J. MOOG,

Godchaux Sugars, Inc., 1012 Masonic Temple Bldg., New Orleans, La.

Situation in Kentucky and Tennessee of very minor importance as compared with Alabama. I included them in proposed discussion mainly because eastern portions are affected by Warrior River service Stop. While these entire States may be brought into discussion indirectly, I shall make no *decision* as a result of special meeting dependent in any way upon Mississippi barge service, but
3869 will confine *decision* to points reached by Warrior River service and will try to localize this as far as possible.

THE SUGAR INSTITUTE.

(Godchaux files.)

3870 *Government Exhibit 452–D2*

[Telegram]

APRIL 18, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N.,
215 Market Street, San Francisco, Calif.

From telegrams setting forth the conflicting claims of New Orleans and Savannah respecting proper freight application in Alabama it looks as though this matter was by far the most serious one which has confronted the Institute to date. I therefore strongly urge that you be represented at special meeting April twenty-sixth by someone familiar with that local situation, as well as by someone whose recommendation you would be inclined to follow Stop. Kindly wire me if at present you are acting in accordance with your notice of April fourth or whether you are holding this in abeyance in whole or in part.

THE SUGAR INSTITUTE.

(Institute files.)

3871 *Government Exhibit 452–E2*

GODCHAUX SUGARS, INC.,
New Orleans, April 18, 1928.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Complying with the request of your wire of April 16th for statistics on consignments by barge for our account for the states of Alabama, Tennessee, and Kentucky, I beg to enclose you herewith Special Report on Movement by Barge Routes for the weeks ending January 7th to February 25th, inclusive.

I have previously forwarded to you by my letter of April 14th this same information for the weeks ending March 3d to April 7th, inclusive. This, therefore, gives you our complete report of movements by barge routes from January 1, 1928, up to and including the week ending April 7, 1928. I thought as long as we were compiling this information, we would give you the complete report for the months requested, rather than simply the reports for the individual states requested in your wire.

To my mind, the *important* point at interest as regards Alabama is simply *the amount of sugar shipped by barge at the customers request, as the sugar shipped by barge to consignment points are not of interest except to the individual refiner, for the reason that all such sugars are sold on the rail rate.*

You will notice, if you will refer to the 14 weeks reports which you have from us, starting with the first week in January, that our average movement of sugar by barge to the State of Alabama was slightly under 1,200 bags per week. How this could be claimed to disturb

the situation of rate structure in that state is beyond my conception. To the state of Tennessee, the report for these 14 weeks shows an average of 5,875 bags per week; to the state of Kentucky, an average of 2,177 bags per week.

I realize that in my exchange of wires with you, I may have shown some animus in expressing my views on discussing the propriety of barge rates for rail shipments in these three states, but with the above figures before you of our weekly *volume of barge shipments to these states*, which figures, I know, are clearly indicative of the shipments by New Orleans refiners to these states, because the barge allocations are in proportion, it so plainly shows, to my mind, absolutely no *merit in the contentions* made and no basis for making an issue of this question that I cannot help but feel that any endeavors in that direction are an attempt to take an unfair advantage of a competitor's evidence desire for harmony within the Institute.

While I have wired you today of my full intention and will-
3872 ingness to attend the meeting of April 26th, yet I still feel that when you have these figures before you, you should be in a position to say to Mr. Pardonner that there is no basis for a discussion of this question, and it is therefore a waste of time to have a meeting, because I cannot see how the Directors of the Institute can possibly approve of a member's action, on the basis of the actual facts in this case.

Knowing these facts when I exchanged my wires with you was the reason that I took the liberty of being so insistent that this was a matter for consideration of the full Directorate of the Institute, *because I feel it takes the pressure of the full Directorate of the Institute to keep Mr. Pardonner's aggressive attitude in check.*

Very truly yours,

J. Moog.

(Institute files.)

3873 *Government Exhibit 452–G2*

[Telegram]

April 19, 1928.

Sugar Institute, Inc.,
120 Front Street, New York City:

Answering your wire eighteenth, regret we are unable to have representative from here at meeting *but have requested Henry Flarsheim represent us* Stop. *We have revoked our notice of April fourth* so far as it relates to barge application on any rail shipments Stop. *We had held in abeyance shipping rail at barge rate to points where barge service from Mobile available* Stop. Statistics requested your wire sixteenth sent air mail with copy regular mail yesterday.

California and Hawaiian Sugar Refining Corporation.

(Institute files.)

3874 *Government Exhibit 452–H2*

APRIL 19TH, 1928.

To all members of the Sugar Institute, Inc.

GENTLEMEN: In the enclosed letters to Mr. Moog and Mr. Post, I have had occasion to review the principles governing the use of differential freight applications. As this subject seems, in spite of my best efforts, to be a matter of considerable misunderstanding, I think it advisable to direct the attention of all members of the Institute to those statements of the principles involved.

Very truly yours,

Executive Secretary.

SB: BMF.
(Institute files.)

3875 *Government Exhibit 452–I2*

THE SUGAR INSTITUTE, INC.,
New York, April 19, 1928.

MR. JAMES H. POST,
President National Sugar Refining Company,
129 Front, Street, New York, N. Y.

MY DEAR MR. POST: I have your letters relative to the situation at Louisville, Kentucky, at which point you state you are losing business on account of barge competition.

I wish you would read carefully the copy of the letter to Mr. Moog which I enclose, and see if the principles therein set out meet your approval. If they do, it seems to me that it goes far towards answering your questions regarding the situation at Louisville. *The breaking down of the rate structure to the barge rate in 1927 caused loss to the sugar industry in this country amounting to millions of dollars. I was of the impression that the folly of this was so universally recognized that it would never be seriously advocated again.*

We all recognize that it is impossible to prevent customers from ordering their sugar f. o. b. New Orleans, routed by barge. They take the slower service at their own expense and pay 14 days after shipment instead of 7 days after arrival. The amount which can thus be shipped by the barge line is a fixed amount, limited by the barge equipment. The total of possible shipments, even with the improved service, is only a small fraction of the sugar distributed through the Mississippi and Missouri River valleys. To allow this small fraction to dictate the freight application of all the rest seems to me a proposition which should not seriously be considered by business men.

The trouble is that the sales departments of many refineries seem unable or unwilling to look at the subject in this broad aspect. They pick out a particular market, such as Louisville, and complain that they are losing business at one particular point. Now the barge line has been running at full capacity ever since the Institute was formed, and if there is more sugar going into Louisville on a
3876 differential rate at this particular time, it is because it has been subtracted from some other competitive market. If Congress should appropriate money to double or treble the present barge equipment, we should be faced with a different situation, but just at present we may assume that the total of barge shipments has reached its peak, and I am informed by those conversant with the situation that this is the fact.

The only question for us to face, therefore, is whether we shall let this barge situation, to use a military term, "beat us in detail." It is to be expected that in the natural play of competitive forces its effect will be felt at times more strongly in one market than another. I can see no reason why the consideration of such effect in any particular market at any particular time should be given any weight.

I should give a great deal of serious attention to any showing that total barge shipments, stimulated by the advantage in rate which they enjoy, were threatening to increase to a point which would seriously interfere with competitive rail deliveries into the Mississippi and Missouri River valleys. Until such a showing is made, I believe that particular barge shipments to any particular city should be ignored. My present information is that any such threatened increase is impossible because of the physical limitations of the barge service.

I have called a special meeting for next Thursday to deal with the situation caused by the Warrior River service, which affects only Alabama and some of the Eastern portions of Tennessee and Kentucky. Here the contention may be sustained that the volume of barge movement in proportion to the consumption is such as to force upon the refiners serving by rail the loss which would be occasioned by absorption down to the barge rate. How this may appear when the whole picture is presented I do not know. That such a condition exists throughout the whole Mississippi and Missouri River valley with respect to barge shipments via the Mississippi River is, from my present information, highly improbable.

Very truly yours,

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

3877 *Government Exhibit 452–J2*

THE SUGAR INSTITUTE, INC.,
New York, April 18, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Building, New Orleans, La.

Subject: American Barge Line Company.

MY DEAR MR. MOOG: I have your letters of April 11th and April 14th on the subject of the new American Barge Line Company which proposes a service to Cincinnati, Louisville, and Memphis.

I do not understand clearly from your letters just what you want done or just what you think can be done in this matter. We cannot prevent private barge lines running on the Mississippi River and we cannot prevent customers ordering their goods f. o. b. New Orleans and having them shipped by any differential route they specify. Moreover, I have not found any way to prevent brokers who solicit business from emphasizing and exploiting any advantage actually enjoyed or which they may possibly figure out as applicable to the sugars of their principals.

You are, of course, aware of the general principles which are applied by the Institute to differential routes. We start with the Code provision on the subject, to the enforcement of which the Attorney General has stated that he sees no legal objection. We recognize, however, that if the volume of movement over differential routes at customer's request is sufficient to take the market from those refiners who serve the territory without the advantage of the differential route, this creates a competitive condition which must and may be met. This situation exists, for example, at Mobile, so far as carload lots are concerned, as it was soon realized that it would be impracticable to hold this market up to an all-rail application as against the barge service from New Orleans.

The matter therefore becomes one of fact, dependent not on theoretical conditions of time of transit, etc., but upon a demonstration of the actual volume of business which is moving at the differential rate, i. e., on customer's request. It is a matter of common sense, as well as self-interest, that, if the volume of traffic moving
3878 on the differential rate is a small proportion of the whole, the refiners not enjoying the differential benefit should compete for the balance on an all-rail application rather than break the whole rate structure down to the differential rate, while if the volume moving on the differential rate constitutes a considerable portion of the whole, the situation is reversed.

These are the principles that I am trying to apply to Chicago territory after the opening of navigation. That is, I am *asking the refiners serving Chicago from the South and West not to break down the application simply because the rate has gone into effect nor because they have lost a little business*, but to wait until I can show them a complete picture of the situation, demonstrating just how much they are being injured.

The proposed service by the American Barge Line Company will be a differential rate under another differential rate. In this respect it is similar to the rate to Chicago via the C. A. T. Line, which has less than the standard rail and lake differentials, or like the all-water rates to Chicago via canal and via the St. Lawrence River, which are lower still. Although considerable volume of sugar has moved on both these lines, the total proportion has not been sufficient in the past, even before the formation of the Institute, to break the Chicago application below the standard rail and lake rate from Philadelphia. In other words, it is proper to ignore such movements instead of suffering the tremendous loss which would be entailed by selling all sugar on these rates just because they exist.

Getting back to the proposed American Barge Line service, it does not look from your description as though there would be a great deal of movement by that line. It is certainly an experimental service which has yet to demonstrate that it can give satisfactory service to buyers who elect to use it. At this stage of the proceedings, therefore, as stated at the outset, I do not just understand what you want me to call to the attention of the refiners whose representatives are soliciting business over this line.

Sincerely yours,

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

3879 *Government Exhibit 452–K2*

THE CUBAN-AMERICAN SUGAR COMPANY,
New York, April 19, 1928.

Mr. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR MR. BALLOU: I am quoting below a memorandum our Mr. Newman submitted to me, which refers to a telephone conversation yesterday afternoon with Mr. *Bass*, of the Porto Rican American Sugar Refinery, Inc., which occurred to me would be of interest to you.

"In telephone conversation with Mr. *Bass* this afternoon he stated *he could not hold off any longer and inasmuch as* Southern refiners would ship *pool cars* into *Mobile* and charge the barge rate, it will be necessary for him to write tonight to his Mobile broker, permitting him to make deliveries from Mobile consigned stock in less than carload and invoice at New Orleans barge rate. Mr. Bass wished that you be advised of the above."

Very truly yours,

COLONIAL SUGARS COMPANY,
GEO. E. KEISER,
President.

(Handwritten notation:) *After interview Bass will hold off.*
(Institute files.)

3880 *Government Exhibit 452–L2*

Alabama Rates

(Memorandum by J. Moog, representing Godchaux Sugars, Inc.)

At the time of the instituting by the refiners of the rule of the freight rate as shipped to govern in establishing the delivered price on direct refinery shipments, it was found that in the state of Alabama there were 16 points to which there had not been published barge rates from Mobile, to which points there were barge rates from New Orleans. The Hershey Company took the position that by reason of their not having barge rates to compete with New Orleans barge shipments, they would be compelled to continue shipping by rail, charging the New Orleans barge rate. Their ability to do this was due to the fact that the state of Alabama has intrastate rates which are materially below the New Orleans barge rates. [I understand from Hershey that this practice is general, not confined to these 16 points. At other points Hershey requires customer to specify "barge shipment", i. e., barge from Mobile, but then delivers by rail just the same because it is cheaper, the present intrastate rates in Alabama being not only below N. O. barge, but also below Mobile barge. Under these circumstances, asking the customer to specify, "barge shipment" in order to get barge (from N. O.) rate would seem to be little more than a formality. This is a point which should be cleared up. Sidney Ballou.*] The potential volume of business in these 16 cities of Alabama is estimated at 20,000 bags monthly, and because of this small volume, as compared with the total volume of sugar business in the State of Alabama, Godchaux Sugars, Inc., felt it inadvisable to ship sugars by rail to these points at the barge rate.

On April 5th, C. & H., who also carry stocks of sugar at Mobile, followed the lead of Hershey Company and instructed its brokers to solicit the trade in these 16 cities for sugar to be shipped by rail at the barge rates. The announcement issued by C. & H. did not limit the privilege of rail shipment at the barge rate to the 16 points previously enumerated by Hershey, but left it optional with them (C. & H.) to ship from Mobile to any point in Alabama by rail, with barge rate applications.

Godchaux Sugars, Inc., protested to the Institute against the application of this rule by C. & H., because it necessarily opened up the entire question of differential routes for the movement of sugar in the South.

It has since become apparent by the action of the Savannah Sugar Refining Co. in notifying the Institute of its intention to ship sugars into Alabama by rail at the barge rates that this action on the part of C. & H. has opened up the question of the rate application in the Southern States to the evident detriment of all at interest.

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* Note by Exec. Sec. Sugar Institute.

3881 I present the following reasons why the Alabama rate situation should be left undisturbed, namely, that sugars should all be sold f. o. b. refinery points, freight for the account of buyer as shipped:

1. Hershey and C. & H. both carry sugar in New Orleans, and Hershey also carries sugar in Savannah. If they want to compete fairly with the Southern and South Eastern refiners, they could, without any potential loss of volume, establish either New Orleans or Savannah, or both, as their distributing points for the State of Alabama, and, in doing so, be on an equal footing—and, in fact, a more advantageous footing—than either the Savannah or New Orleans refiners individually.

2. There is now—and has been under foot for some time—an agitation in the city of Mobile to bring commereial pressure and legal pressure to bear on C. & H. and Hershey to have them sell sugar in Mobile at a refinery-basis price instead of, as at present, sugars being sold in Mobile at the New Orleans barge rate. This points out the danger to the entire industry of those not actually operating refineries at Southern or Southeastern points establishing consignment points at non-refining points. It is therefore apparent from the above that the only advantage that could possibly accrue to Hershey and C. & H. is the small amount of profit accruing between the Alabama intrastate rates and the New Orleans barge rates to the 16 points in Alabama where rail shipments at the barge rate is now effective.

3. An analysis of the sugar consumption at these 16 points shows an indicated monthly consumption of 2,000,000 pounds, with the maximum potential profits on rates, even if Hershey and C. & H. obtained all of the volume at these 16 points, of $2,000 a month.

4. Based on a careful statistical analysis made in the latter part of 1924 and the early part of 1925, it is shown that the annual consumption of sugar for the State of Alabama at that time was 111,318,000 pounds. Bring this figure down to the present-day consumption (by increasing or decreasing same in accordance with the Willett & Gray figures showing the percentage of increase or decrease of annual consumption), the estimated consumption in Alabama for the year 1928 would be 121,452,900 pounds.

3882 The proposal now under consideration is that throughout Alabama the refiners should institute the rule of rail shipments at the barge rates. This is either in retribution for the action of Hershey and C. & H., or with what, in my opinion, is a mistaken idea that doing so will reflect in a greater volume than is obtainable at present for any one refiner. I contend that where all refiners establish the same rate structure, it should not and will not change their relative position of volume of trade in any individual territory.

5. 99% of the Consuming territory in Alabama has New Orleans barge rates in effect. 80% of the sugar consumption in Alabama is subject to 7½¢ per cwt. differential between the rail and New Orleans barge rates. 20% is subject to a differential of approximately 4¢

between the Savannah rail rates and the New Orleans barge rates. Therefore, the approval of the application of the Savannah Sugar Refining Co. that the Institute recognize the rule of rail shipments at the barge rates for the state of Alabama would mean an annual absorption by the refiners in freight equalization of $85,000. I sincerely trust that Hershey and C. & H. will not force a burden of $85,000 on the Southern and Southeastern Refiners, on which their (Hershey and C. & H.) potential gain on freight rates will be approximately $10,000 to $15,000.

6. The movement of sugar by barge from New Orleans to Alabama points, which for the first 14 weeks of 1928 was, for our company, slightly under 1,200 bags weekly, clearly indicates that on the basis of a potential saving of 5¢ to 7½¢ per cwt. the customer is not interested in the shipment of sugar by barge as against the rail forwarding of sugar. Godchaux Sugars, Inc., furthermore have in no way been the aggressor in Alabama, fully realizing that each refiner or distributor of sugar has a potential situation which cannot be aggressively overcome by a competitor without loss to both.

As a clear indication of this I desire to point out that based on the previously mentioned analysis of Alabama consumption, Godchaux Sugars, Inc., sold in Alabama the following percentage of such indicated consumption:

3883	For the year 1925	42.30%
	For the year 1926	38.15%
	For the year 1927	34.70%
	So far for the year 1928	27.87%

It will be noted that there is a steady decrease in Godchaux Sugars, Inc., Alabama volume, even though they have the advantage of the barge shipments to Alabama, and this steady decrease is evidently due to the competition of C. & H. and Hershey by reason of their Mobile stocks.

While perhaps irrelevant to the question of competitive conditions, yet, as an indication of the true Alabama situation, I call attention to the analysis made from the rates, which show that: New Orleans rates are lowest to 77.55% of the consuming territory of Alabama; New Orleans and Savannah rates are equal to 04.09% of the consuming territory of Alabama; Savannah rates are lowest to 18.36% of the consuming territory of Alabama; Savannah rates are not more than 5¢ above the barge rate to 21.56% of the consuming territory of Alabama; Mobile rates are equal to or lower than the New Orleans barge rate to 65.56% of the consuming territory of Alabama.

It is my urgent recommendation that Savannah withdraw their decision to give rail shipments at the barge rates through Alabama for the reasons previously enumerated, and I also desire to urge upon the representatives of Hershey and C. & H. that they withdraw their stocks from Mobile, diverting same for New Orleans or Savannah distribution in the interest of harmonizing the Alabama situation, and all of the above because I feel, as indicated in this

memorandum, that there is not sufficient at stake for any refiner or distributor to warrant the state-wide opening up of the question of differential rates.

There is now under consideration by the Institute Commerce Commission the South Eastern rate case, and the final decision on this case will probably carry with it an effect on the rate structure, giving Savannah additional advantageous territory in Alabama as compared with the New Orleans refiners, and likewise it is
3884 proposed that the intrastate rates in Alabama ,would be adjusted in conformity to the interstate rates. This undoubtedly would be done, because, if not, it would be to the advantage of the New Orleans refiners to contract for definite weekly or monthly deliveries from New Orleans to Mobile, which could be made on an annual contract at not over 10¢ per cwt. and thereby allow the New Orleans refiners to more economically serve the Alabama trade through the use of the Intra-state rates in combination with cargo shipments to Mobile, as against being compelled to ship by rail from New Orleans with the barge rates.

I want to amplify the question of territorial volume of individual refiners where the rate structure is under attack with a viewpoint of individual refiners absorbing up to 7½¢ per cwt. for rail shipment as against the barge rates. In the state of Georgia, there are cities with an indicated total monthly consumption of 4,500,000 pounds to which New Orleans refiners could ship at a freight equalization of not over 2½¢, and for an average freight equalization of 7½¢ by rail and barge, the New Orleans refiners could reach points of a monthly volume totalling 6,000,000 pounds. According to Godchaux Sugars sales record, their volume in this slight absorption territory is now virtually nil, as the average sales of the past three months have been less than 250,000 pounds per month, whereas in prior years it averaged over 15% of the potential volume of this low absorption territory. Godchaux claims the reason being that Savannah is now, and has for several years past, stored sugar in jobbers' warehouses in Georgia, which action Godchaux has not objected to, nor followed, even though to the material detriment of its volume of sales in that territory in Georgia, where it could compete with Savannah at a better net realization that can Savannah in the Eastern part of Alabama, which it is now seeking to enter aggressively through rail shipments at the barge rate.

J. Moog.

April 21, 1928.
(Institute files.)

3885 *Government Exhibit 452–M2*

[Telegram]

NEW ORLEANS, *Apr. 20, '28.*

Judge SIDNEY BALLOU,
The Sugar Institute, 129 Front St., N. Y.:

Letter and telegram from Pardonner received. Without him meeting would be doubtful good. Do you wish our attendance anyhow? Pardonner's position about his rights unanswerable, *but we understood Institute to be formed on basis of making concessions, not demanding rights. All have given up* something. Must be prepared to continue to do so. We particularly fear effect on C. and H., whose answer may be guarantee.

WM. HENDERSON.

11:32 a. m.
(Institute files.)

3886 *Government Exhibit 452–O2*

[Telegram]

APRIL 23, 1928.

WM. HENDERSON,
749 South Peters St., New Orleans, La.:

Savannah will be represented at meeting by Harris Sales Manager and Director fully authorized by Pardonner. Consider matter most important and full attendance desired.

THE SUGAR INSTITUTE.

(Institute files.)

3887 *Government Exhibit 452–Q2*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., April 18, 1928.

MY DEAR JUDGE BALLOU: The Institute has been in operation but a short time, and we are quite ready to agree that no one should reach a decision too quickly as to the potential good or evil that it may bring to the sugar trade.

We would be less than candid, however, if we failed to call attention to certain tendencies already developing which, if not checked, will wholly subvert the purposes for which the Institute was organized, and, if persisted in, will inevitably result in its disintegration.

1. We take it to be quite obvious that every member of the Institute must be free to protect its own trade. We expect to do it. We concede to every other member the same privilege. Any other policy must sooner or later result in business extermination. There should be no bylaw, rule, or regulation of the Institute which in any way restricts the freedom of its members in this particular. Any present bylaw, rule, or regulation of the Institute which means anything to the contrary, or which is so construed as to have a contrary tendency, should either be eliminated or so modified as to make it conform to this fundamental principle. Otherwise it would be worse than folly for any refiner whose interests are injuriously affected, or whose trade is imperiled, to retain its membership in the Institute.

2. The primary purpose which actuated the formation of the Institute was to eliminate numerous trade practices that were universally injurious to the refining trade, and which could not be justified by any sound rule of economics or business ethics. The Institute will thoroughly justify its existence if it eliminates those evils. It was never intended, and is not permissible, that it should parcel out territory or redistribute the total sugar consumption of the country among its members. We cannot consent to any policy, rule, or regulation which has such an effect or tendency.

3. The geographical location of our Port Wentworth refinery gives it lower freight rates than its competitors in certain sugar-consuming areas. Other refiners are competing freely with us for that trade by absorbing the difference in freights. That is their right and privilege. We must have the same right and privilege to absorb the difference in freights and compete for business in areas where our competitors enjoy the advantage of lower freights, any present rule or regulation to the contrary notwithstanding. More specifically, if paragraph 3 (c) of the Code of Ethics is so interpreted as to restrict that right, we cannot submit to it as thus interpreted. It was never intended originally to have that meaning, or, if so, the language used did not disclose that purpose.

4. Savannah has no differential rates or routings except to West Palm Beach, Miami, Palatka, and Sanford, Florida, and Augusta, Georgia. All of these are water movements. Eastern refiners are shipping from New York and Baltimore to Norfolk, Newbern, Wilmington, Charleston, Savannah, and Jacksonville, via water, and reshipping from these places via truck or rail, and carrying consigned stocks at interior points which were handled via these routings. Combinations made on these ports are, in many instances, less than the water and rail differential rates which are in effect from the Eastern refining points. This is particularly true of North Carolina and Georgia. New York, Philadelphia, and Baltimore have
3888 published differential water and rail rates to North Carolina, South Carolina, Georgia, Tennessee, Kentucky, and Ohio. We have no objection to our competitors doing these things, but we are entitled to have, and must have, corresponding privileges. We must

have unrestricted liberty to meet differential rates which may have the effect of giving our competitors an advantage.

5. Our competitors at Gulf ports are now able, through a steady extension of barge service and lower barge rates, or a combination of barge and rail rates, to compete with us, under conditions that give them an advantage, in trade areas where we formerly enjoyed an advantage in freight rates. We must be free to meet that competition by absorbing, if we choose, the difference in rates. We have the right, and must insist on the right, to protect our trade against encroachments from any quarter or under any conditions. We cheerfully concede to all others the exercise of similar rights. Every member of the Institute should at all times be free to meet differential rates and differential routings, present and future. Present rates and routings may be changed from time to time. Every member should have the utmost liberty in meeting these changing conditions so as to protect or advance its legitimate trade.

Very truly yours,

W. S. PARDONNER,
President.

Judge SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

Copy to W. L. Cummings, Esq.; Rudolph Spreckels, Esq.; M. E. Goetzinger, Esq.; W. T. Eldridge, Esq.; W. Edward Foster, Esq.; William Henderson, Esq.; W. H. Hoodless, Esq.; George E. Keiser, Esq.; Jacob Moog, Esq.; James H. Post, Esq.; M. E. Rionda, Esq.; Alexander Smith, Esq.; H. E. Worcester, Esq.; F. E. Sullivan, Esq.; George A. Zabriskie, Esq.

(Institute files.)

3889 *Government Exhibit 452–R2*

THE SUGAR INSTITUTE,
129 Front Street, New York, April 23, 1928.

Mr. WM. S. PARDONNER,
Savannah Sugar Refining Corp'n.,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

MY DEAR MR. PARDONNER: I have your letter of April 18th and thank you for the candid expression of your views, which cannot fail to clear the atmosphere. Allow me in reply to submit the following observations:

1. *The statement that every member of the Institute must be free to protect its own trade*, and that any rule or regulation to the contrary should be eliminated, *is one of those sweeping generalities*, the truth or untruth of which depends upon its application and interpretation. All of the evils which disorganized the sugar trade in recent years arose from the avowed purpose of each refiner to *protect its own trade*. The unrestricted right of every refiner to protect its own trade

in the manner of which it was sole judge led to such conditions that the *Institute was formed for the express purpose of limiting the means which could be employed for this purpose.*

2. Not all of the methods prohibited by the Code are unethical in the sense of involving *moral turpitude.* The open use of *quantity discounts*, for example, is well recognized in mercantile practice. If the statement in your first paragraph is to be taken without qualification, one refiner could notify the Institute tomorrow that it had lost a very considerable volume of business enjoyed by virtue of its quantity discounts to great chain-store organizations, and that to protect its trade it found it necessary to reintroduce this system. Another could notify the Institute that its trade had been built up by eliminating brokers and allowing brokerage to direct customers, and that to protect its trade it must continue the system so long in force. *The same might be said of split billing, the giving of options, or half a dozen other practices enumerated in the Code, before we approach the border line of secret or underhand practices.*

3890 3. Among other practices thus condemned is "The use of differential rates on consignments or otherwise than an direct shipments over differential routes at customer's request.

The only possible interpretation of this clause is to condemn the making of a delivered price by adding to the basic seaboard price the freight rate applicable to a differential routing except when the sugar has actually travelled over the differential route at the customer's request. This is the meaning originally intended, nor is the language susceptible of any other meaning. *No other meaning was suggested during the long discussions which preceded* the adoption of this provision, nor has any other interpretation been suggested since.

4. There is a fundamental difference between absorbing to meet an all-rail rate and absorbing to meet a differential rate. The lowest all-rail rate from the nearest seaboard refining point ordinarily represents the quickest and best service. If competing refiners, by deliveries exconsignment or by shipment from their own more distant points, choose to absorb down to this basic all-rail rate, they are at least giving the customer nothing more than he is paying for. He is paying the price of the quickest and best service, and they are meeting that price. If, on the other hand, refiners deliver all-rail or exconsignment and charge the customer only a differential rate from seaboard, they are rebating to the customer out of their own pockets something to which the customer is not entitled, viz, the difference between fast service and slow service.

In the first case the customer is paying for fast service and the competing refiners must give him the substantial equivalent to get his business, but the customer gets nothing more than he pays for. In the second case the customer is paying the price of slow service and refiners are giving him fast service, which he has not paid for at considerably more expense.

5. As a corollary of this distinction it follows that all-rail competition can be equalized, while all-rail versus differential competition cannot be equalized. The shipper having the lowest all-rail route can induce buyers to take his sugar without loss to himself even when his competitors are meeting his delivered price. The shipper using a differential route cannot induce buyers to take his sugars without loss to himself after his all-rail competitors have met his delivered price. His only recourse is to assume himself the loss of interest, etc., incident to the slower service. The fact that the capacity of most differential routes is limited makes even this recourse only partial, and for a great part of his business he must ship all-rail and absorb against himself.

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6. The form of rebating incident to absorbing against a differential rate, while openly practiced, was recognized as an evil of the first magnitude, costing the sugar industry many million dollars during the months immediately preceding the formation of the Institute. It was one of the evils specifically proposed to be eliminated, or at least minimized, by the adoption of the Code.

7. Nevertheless, the present Executive Secretary, both before and since his appointment as such, has repeatedly stated that the maintenance of competitive conditions would not permit an absolute enforcement of this prohibition at all times and in all places. Differential routes are theoretically slower and more unsatisfactory than all-rail shipments, but in certain localities the difference in time and character of service may be negligible. Differential routes are ordinarily restricted in volume but in certain localities they may be sufficient to carry the greater volume of business.

8. It is manifestly uneconomic and unbusinesslike to allow a differential route, with a capacity limited to 10% of the consumption of a given territory, to dictate the delivered price of the remaining nine-tenths, to the actual loss of refiners serving that territory. On the other hand, it is manifestly not in keeping with the maintenance of free competition in all territories to allow the volume of business moving over a differential route to drive a refiner having only all-rail deliveries, out of any territory to the detriment of his entire business. The question in any given territory, therefore, becomes one of fact, to be considered in the light of a complete statistical picture.

9. Another feature of great importance is the relation of loss of business in a given market to the total business of the refinery involved. Just at present, for example, the *total business of all refiners is running at about 90% of its volume for the same period last year.* The Sales Department of one individual refiner might report that its business had suffered a loss of 10% over the corresponding period of last year, whereas figures in the possession of the Sugar Institute would show that it was melting and selling the same proportion of the total sugar as in past com-

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parable periods. If such a refinery, i. e., one whose reports show that it is maintaining its full proportion of the business, should report that it was entirely driven out of a certain market through its inability to absorb against a differential rate, I should regard this, not as showing an arbitrary division of territory, but as a highly desirable economic readjustment of its total volume of business.

10. In estimating the competitive effect of a differential route, I attach great importance to the question as to whether its capacity is limited or capable of indefinite expansion. If its capacity is limited the "steady extension of barge service and lower barge rates", referred to by you in your last paragraph, not only has a limit, but, in the particular case referred to, has a limit which has already been reached. The tendency to break down rail applications to meet a differential rate apparently has no limit, and unless checked and localized, will soon, as in the summer of 1927, cover almost the entire map of the United States.

You will see from all the above that I do not consider the question you raise one which can be settled by abstract reasoning or even in light of the information and facts which are exclusively in your possession. It involves many factors, above enumerated, which are not alluded to in your letter. It is a matter which should be fully discussed, by all those interested, *in the spirit of concession and conciliation in which the Institute was formed.*

Very truly yours,

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

3893 *Government Exhibit 452–S2*

[Memoranda]

SAVANNAH SUGAR REFINING CORPORATION,
APRIL 25, 1928.

To Mr. PARDONNER.
From T. O.

Yesterday afternoon about six o'clock I talked with H. R. Harris over the telephone from New York. He had an interview with Placé which was very satisfactory. Placé has been attending conferences in New York recently and is more or less familiar with their views in the matter. He personally is in favor of Savannah's stand, and is going to attend the conference on Thursday although he will be unable to vote. Placé says from the information he has received the New Orleans Refiners are going to try to stir up a lot of trouble and argument in order to prevent our meeting the barge rate.

Placé made the suggestion that were we not allowed to absorb the Barge rate in Barge territory, the same result could be effected by

our quoting two prices, one price for Southern territory and one price for Eastern territory, our price in Southern territoy to be five or ten points under the Eastern territory price. Were we to stay consistently five points under the New Orleans Refiners or ten points under, no matter how much they kept putting down their price it would have the same result as meeting the Barge rate.

Mr. Harris will ring you up some time today after he has interviewed Spreckels and Goetzinger.

(Savannah files.)

3894 *Government Exhibit 452–T2*

APRIL 30, 1928.

Institute Meeting April 26, 1928

Reference: *Savannah's request for privilege shipping rail barge rate to States Alabama, Tennessee, and Kentucky.*

Decision of Institute that effective April 27th all refiners privileged to ship throughout state of Alabama by rail with the barge rate. We made the reservation for the privilege of applying the barge rate on spot stock withdrawals at such time as the spot stock charge was instituted.

(Godchaux files.)

3895 *Government Exhibit 452–U2*

HERSHEY CORPORATION,
Hershey, Pa., May 1, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.
(Attention Mr. Ballou.)

DEAR MR. BALLOU: I have been waiting for a confirmation of *decision* which was arrived at at our meeting last Thursday in your office in regard to shipments in the State of Alabama.

As I understand the situation, practically the entire State of Alabama was put on a basis of New Orleans Barge rate regardless of the manner in which it is shipped.

Will you please confirm this by phone, wire, or letter tomorrow, Wednesday, as I am getting ready to go South in a day or two.

Your kind advice will be appreciated.

Yours truly,

HERSHEY CORPORATION.
EWING CAIN.

(Institute files.)

3896 *Government Exhibit 452–V2*

[Telegram]

MAY 2, 1928.

EWING CAIN,
Hershey Corporation, Hershey, Pa.:

Not customary for the Institute to make general announcement when all interested parties are present at a meeting Stop. Understanding was that all refiners would be permitted to meet competition by applying New Orleans barge line rate on rail or barge shipments to all points in Alabama. Payment seven days after arrival for barge as well as rail Stop. Deliveries ex consignment to take all-rail application as heretofore. This effective until further notice.

THE SUGAR INSTITUTE.

(Institute files.)

3897 *Government Exhibit 452–W2*

[Translation of telegram]

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION,
New York, April 26, 1928.

From: Henry Flarsheim.
To: C. & H.

After uncovering fact that Hershey has been shipping rail all Alabama points, and applying barge, *Institute placed entire State Alabama on barge basis*, payment 7 days after arrival Stop. Deliveries from consigned stocks take all rail application except Mobile status unchanged, this effective immediately, and also applies undelivered contract balances Stop.

You please authorize New Orleans as usual, although I am wiring them as information Stop.

Regarding Tennessee, Kentucky, everything held in abeyance, hoping interests can compose differences Stop.

Regarding market, *refiners generally express opinion* will *improve next fortnight* although same may be largely born of hope.

Copies: L. R. C., M. R. G., W. L. G. W. B. Tyler.

3898 *Government Exhibit 452–X2*

APRIL 27TH, 1928.

Mr. M. E. GOETZINGER,
% Arbuckle Brothers,
71 Water Street, New York City.

DEAR MR. GOETZINGER: Referring to our conversation yesterday, when you finally decide on the clause to be stamped on your contracts after the first of May, I would like to have a copy of same.

The situation in regard to Savannah was smoothed over temporarily by allowing them to meet any competing rates in Alabama, either water, combination water and rail, or rail.

I was very much surprised and pleased at the conciliatory attitude taken by Mr. Moog, whom I thought would be breathing fire and brimstone from the tenor of the letters and telegrams he had sent to the Institute in regard to Savannah's complaints.

Very truly yours,

PENNSYLVANIA SUGAR COMPANY,

Vice President.

WHH:MCG.
(Pennsylvania files.)

3899 *Government Exhibit 452–Y2*

APRIL 26, 1928.

Memorandum of Institute Meeting Held This Date

The subject under discussion was competition of New Orleans and Mobile barge rates in the states of Alabama, Tennessee, and Kentucky. The principal consideration was the position of the Savannah Sugar Refining Co. in meeting this competition. Discussion, however, was confined principally to Alabama situation. A Mr. King, representing the Hershey Sugar Company, and Mr. Florsheim, representing the C. & H., explained in detail their methods of distribution and rates applied.

As the result of the meeting, effective A. M. April 27th, the Savannah Sugar Refining Co. was authorized to meet barge-line rates in Alabama alone, it being decided to withhold consideration of the Tennessee and Kentucky situation until a later date and after some further discussion of the subject had been carried on with eastern port refiners.

S. K. RAYMOND.

3900 *Government Exhibit 452–Z2*

[Telegram]

APRIL 27, 1928.

COLONIAL SUGARS COMPANY,
Whitney Central Bldg., New Orleans, La.:

At meeting of Institute yesterday it appeared that Hershey was applying New Orleans barge rates generally throughout Alabama on shipments via Mobile Stop. Ruling of Institute, effective today, Savannah and other refiners will be *permitted* to meet this competition by applying New Orleans barge-line rate on rail or barge shipments to all points in Alabama, payment seven days after arrival for barge as well as rail Stop. Deliveries ex consignment take all rail application as heretofore. This effective until further notice.

COLONIAL SUGARS COMPANY.

(Institute files.)

3901 *Government Exhibit 454*

Barge movements

CUSTOMERS REQUEST

	1929	1930	1931
Government Barge	5,111,915	3,582,216	1,476,754
American Barge	93,233	21,528	56,934
% increase or decrease compared to last year	+5.30	−30.77	−57.44
Total deliveries by refiners to whom barge is available	22,032,799	19,776,183	18,859,105
% barge deliveries to total refiners using	23.62	18.22	8.13
Total Barge deliveries	5,205,148	3,603,744	1,533,688
% barge deliveries to total all refiners	12.85	9.31	4.08

REFINERS OWN ACCOUNT

Government Barge	2,495,561	2,471,489	4,174,126
American Barge	60,550	40,254	582,517
% increase or decrease compared to last year	+164.11	−1.74	+89.38
Total barge deliveries	2,556,111	2,511,743	4,756,643

[From The Sugar Institute, Inc. Report G]

3902 *Barge movement—refiner's own account—total 15 U. S. refiners—adjusted report covering year ending Dec. 1929*

[Figures in 100-pound bags]

	Government barge	American barge	Percent increase or decrease compared to last year	Total barge deliveries
Alabama	690,619		+218.01	690,619
Arkansas	10,171		+76.67	10,171
Florida	22,508		+96.15	22,508
Georgia	36,092		−24.15	36,092
Illinois	695,985		+226.10	695,985
Indiana	43,214	6,000	+232.53	49,214
Iowa	8,226		+1,271.00	8,226
Kansas				
Kentucky	25,511	28,875	−1.55	54,386
Louisiana	2,615		−14.54	2,615
Michigan				
Minnesota	23,224		+909.74	23,224
Mississippi	15,770		−27.84	15,770
Missouri	92,883		+97.83	92,883
Nebraska				
North Dakota				
Ohio	7,112	25,675	+374.55	32,787
Oklahoma	1,800			1,800
South Dakota				
Tennessee	586,701		+175.20	586,701
Wisconsin	187,279		+74.21	187,279
Texas	45,851			45,851
Total	2,495,561	60,550	+164.11	2,556,111

3903 [From The Sugar Institute, Inc. Report G. Final for 1930]

Barge movement—Refiner's own account—Total 15 U. S. refiners—Total for year up to and including week ending December 31, 1930

[Figures in 100-pound bags]

	Government barge	American barge	% increase or decrease compared to last year	Total barge deliveries
Alabama	421,886		−38.91	421,886
Arkansas	8,897		−12.53	8,897
Florida	31,569		+40.26	31,569
Georgia	60,591		+67.88	60,591
Illinois	966,910		+38.93	966,910
Indiana	29,469	4,000	−31.99	33,469
Iowa	2,400		−70.82	2,400
Kansas	8,839			8,839
Kentucky	2,699	31,500	−37.12	34,199
Louisiana				
Michigan				
Minnesota	13,800		−40.58	13,800
Mississippi	19,391		+22.96	19,391
Missouri	204,038		+119.67	204,038
Nebraska	18,675			18,675
N. Dakota				
Ohio	4,757	4,754	−70.99	9,511
Oklahoma	12,409		+589.39	12,409
S. Dakota				
Tennessee	481,779		−17.18	481,779
Wisconsin	183,380		−2.08	183,380
Total	2,471,489	40,254	−1.74	2,511,743

3904 [From the Sugar Institute, Inc. Report G. #53]

Barge movement—Refiner's own account—Total 14 U. S. refiners—Cumulative total week ending December 31, 1931

[Figures in 100-pound bags]

	Government barge	American barge and others	% increase or decrease compared to last year	Total barge deliveries
Alabama	964,226		+128.55	964,226
Arkansas	16,869		+89.60	16,869
Florida	11,754		−62.77	11,754
Georgia	30,466		−49.72	30,466
Illinois	1,862,179	45,526	+92.59	1,907,705
Indiana	7,435	72,416	+138.58	79,851
Iowa	38,788		+1,516.17	38,788
Kansas				
Kentucky	2,007	40,402	+24.01	42,409
Louisiana	624			624
Michigan				
Minnesota	26,100		+89.13	26,100
Mississippi	69,221		+256.97	69,221
Missouri	295,868	337,067	+210.20	632,935
Nebraska	1,200		−98.57	1,200
N. Dakota				
Ohio	2,239	87,106	+839.39	89,345
Oklahoma				
S. Dakota				
Tennessee	713,434		+48.08	713,434
Wisconsin	128,806		−29.76	128,806
Texas	2,910			2,910
Total	4,174,126	582,517	+89.38	4,756,643

3905 [From The Sugar Institute, Inc. Report G]

Barge movement—Customer's request—Total 15 U. S. refiners—Adjusted report covering year ending December 31, 1929

[Figures in 100-pound bags]

	Government barge	American barge	% inc. or dec. compared to last year	Total deliveries by refiners to whom barge is available	% barge deliveries to total refiners using	Total barge deliveries	% barge deliveries to total all refiners
Alabama	189,569	.....	−13.48	1,263,619	15.00	189,569	13.10
Arkansas	597,249	.....	+23.29	961,958	62.09	597,249	56.44
Florida	58,905	.....	−15.45	285,299	20.65	58,905	6.03
Georgia	14,805	.....	−84.55	692,332	2.14	14,805	.72
Illinois	1,355,339	5,400	+26.29	4,488,665	30.33	1,360,739	21.11
Indiana	105,202	23,100	−72.14	687,529	18.66	128,302	5.58
Iowa	237,237	.....	+99.64	1,325,803	17.89	237,237	16.47
Kansas	52,715	.....	+170.29	507,161	10.39	52,715	8.99
Kentucky	151,335	27,295	−31.88	967,160	18.47	178,630	10.15
Louisiana	201,147	500	+45.58	1,979,022	10.19	201,647	10.18
Michigan	20,200	.....	−42.53	187,126	10.79	20,200	.55
Minnesota	95,112	.....	+423.23	838,036	11.35	95,112	8.89
Mississippi	583,252	.....	+34.35	1,134,237	51.42	583,252	51.42
Missouri	589,314	.....	+71.85	2,370,591	24.86	589,314	22.19
Nebraska	27,225	.....	−20.57	388,751	7.00	27,225	6.66
North Dakota	3,000	.....	−1.93	86,084	4.54	3,000	3.92
Ohio	22,753	36,938	−49.67	312,282	19.11	59,691	1.00
Oklahoma	132,707	.....	+30.71	770,942	17.21	132,707	12.55
South Dakota	3,016	.....	+63.82	73,662	4.09	3,016	3.83
Tennessee	378,838	.....	−29.66	1,721,396	22.01	378,838	17.55
Wisconsin	292,995	.....	−14.82	1,011,144	28.98	292,995	13.40
Total	5,111,915	93,233	+5.30	22,032,799	23.62	5,205,148	12.85

3906 [From The Sugar Institute, Inc. Report G. Final for 1930]

Barge movement—Customer's request—Total 15 U. S. refiners—total for year up to and including week ending December 31, 1930

[Figures in 100-pound bags]

	Government barge	American barge	% inc. or dec. compared to last year	Total deliveries by refiners to whom barge is available	% barge deliveries to total refiners using	Total barge deliveries	% barge deliveries to total all refiners
Alabama	116,066	.....	−38.77	1,226,141	9.47	116,066	8.46
Arkansas	616,785	.....	+3.27	930,334	66.30	616,785	58.42
Florida	57,949	.....	−1.62	562,302	10.31	57,949	5.72
Georgia	19,250	.....	+30.02	916,557	2.10	19,250	.99
Illinois	374,077	.....	−72.51	2,985,155	12.53	374,077	7.07
Indiana	69,030	12,748	−36.26	402,732	20.31	81,778	3.37
Iowa	218,939	.....	−7.71	1,338,996	16.35	218,939	14.20
Kansas	48,653	.....	−7.71	464,338	10.48	48,653	8.96
Kentucky	108,209	5,700	−36.23	768,113	14.83	113,909	6.65
Louisiana	132,480	.....	−34.30	1,857,922	7.13	132,480	7.10
Michigan	17,165	.....	−15.02	155,226	11.06	17,165	.53
Minnesota	47,766	.....	−49.78	808,412	5.91	47,766	4.43
Mississippi	575,243	.....	−1.37	1,075,584	53.48	575,243	53.13
Missouri	478,824	.....	−18.75	2,220,970	21.56	478,824	18.66
Nebraska	20,399	.....	−25.07	397,588	5.13	20,399	4.87
N. Dakota	1,800	.....	−40.00	59,243	3.04	1,800	2.36
Ohio	29,088	3,080	−46.31	150,097	21.43	32,168	.51
Oklahoma	177,780	.....	+33.96	788,161	22.56	177,780	17.97
S. Dakota	3,000	.....	−.53	79,848	3.76	3,000	3.53
Tennessee	283,955	.....	−25.05	1,556,001	18.25	283,955	13.50
Wisconsin	185,758	.....	−36.60	1,033,363	17.98	185,758	9.09
Total	3,582,216	21,528	−30.77	19,776,183	18.22	3,603,744	9.31

3907 [From The Sugar Institute, Inc. Report G. #53]

Barge movement—Customer's request—Total 14 U. S. refiners—Cumulative total, week ending December 31, 1931

[Figures in 100-pound bags]

[redacted]	Govern. barge	American barge	% inc. or dec. compared to last year	Total deliveries by refiners to whom barge is available	% barge deliveries to total refiners using	Total barge deliveries	% barge deliveries to total all refiners
Alabama	52,501	.....	−54.77	1,035,149	5.07	52,501	4.46
Arkansas	217,229	.....	−64.78	546,277	39.77	217,229	32.22
Florida	26,939	.....	−53.51	540,297	4.99	26,939	2.76
Georgia	17,651	.....	−8.31	946,329	1.87	17,651	.89
Illinois	127,044	4,805	−34.75	2,716,925	4.85	131,849	2.76
Indiana	9,015	31,335	−50.66	499,104	8.08	40,350	1.69
Iowa	87,763	.....	−59.91	1,207,547	7.27	87,763	6.37
Kansas	24,030	.....	−50.61	455,317	5.28	24,030	4.57
Kentucky	26,548	2,383	−74.60	813,899	3.55	28,931	1.70
Louisiana	32,366	.....	−75.57	1,453,043	2.23	32,366	2.22
Michigan	37,674	.....	+119.48	247,756	15.21	37,674	1.43
Minnesota	27,476	.....	−42.48	707,859	3.88	27,476	2.91
Mississippi	336,585	.....	−41.49	952,313	35.34	336,585	35.16
Missouri	118,127	600	−75.20	2,099,805	5.65	118,727	4.84
Nebraska	9,000	.....	−55.88	340,021	2.65	9,000	2.55
N. Dakota							
Ohio	5,258	17,409	−29.54	235,262	9.63	22,667	.39
Oklahoma	67,441	.....	−62.06	565,506	11.93	67,441	8.80
S. Dakota							
Tennessee	172,172	402	−39.22	1,302,704	13.25	172,574	9.73
Wisconsin	75,421	.....	−59.40	927,912	8.13	75,421	4.49
Texas	6,514	.....	−18.17	1,266,080	.51	6,514	.20
Total	1,476,754	56,934	−57.44	18,859,105	8.13	1,533,688	4.08

3908 *Government Exhibit 455*

[Telegram]

NEW YORK, *April 29, 1929.*

(To be sent to each of the following: Callerman Brok. Co., 445 West Erie St., Chicago, Ill.; A. H. Pinkerton & Co., 317 North Wells St., Chicago, Ill.; J. D. Pierson, 86 Michigan Street, Milwaukee, Wisconsin.)

In connection with our announcement of April twenty-third, naming a ruling freight basis of forty cents on bags and four two point three cents in barrels, cases, and containers at Milwaukee, Chicago, and points in Chicago switching district, Chicago Heights, and Gary, we desire to amplify said notice so as to provide that, effective immediately and on new business only, we will sell our sugar on delivered prices in those markets, and we will not accept any orders for delivery f. o. b. our refineries for customers located in those markets Stop. This delivered price which will be made up of our seaboard base price for refined sugar plus the rates stated which include tare; will apply regardless of route of movement and on deliveries from consigned stock Stop. Otherwise, said notice of April twenty-third is to remain effective.

C. H. WHITE, Jr.

(American files.)

3909 *Government Exhibit 455–B*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, April 29, 1929.

To the Trade:

Effective immediately, but on new business only, we will apply *delivered prices* on all sugars sold for delivery in markets named below.

Our delivered price will be made up of our seaboard base price for refined sugar plus the rates shown below, to which should be added our usual tare. We will continue to prepay all freight according to our present custom, and add our ruling freight basis, constructed as herein provided, to our base price.

With the inauguration of this system we will not accept any orders for delivery f. o. b. our refineries for customers located in these markets. Our delivered price will apply, regardless of route of movement, and we will protect such rates over all-rail routes. The selling basis above provided will also apply on deliveries from consigned stock, where we carry such stock.

The markets involved, as well as the rates which will be used to construct our ruling freight basis, and our delivered price (usual tare to be added), are the following:

Syracuse, N. Y	27	cents
Rochester, N. Y	28½	"
Buffalo, N. Y	32	"
Cleveland, Ohio	36	"
Detroit, Mich	39	"
Green Bay, Wis	58½	"
Cincinnati, Ohio	44	"

Under no circumstances will such rates apply on sugar billed to such points which is reconsigned, diverted, or reshipped to defeat our selling basis at other points.

Yours truly,

C. H. WHITE, Jr., *General Sales Manager.*

3910 *Government Exhibit 455–C*

Exhibit 455–C (filed with the Clerk of the Supreme Court in lieu of printing) is an announcement to the trade by American, dated April 29, 1929, identical with Exhibit 455.

3911 *Government Exhibit 455–D*

[Telegram]

NEW YORK, N. Y., *April 29, 1929.*

WM. HENDERSON,
749 South Peters St., New Orleans, La.:

American announces to trade effective immediately but on new business only will apply delivered prices on all sugars sold for delivery in markets named below; our delivered price will be made

up of our seaboard base price for refined sugar plus rates shown below to which should be added our usual tare; will continue to prepay all freight according to our present custom and add our ruling freight basis constructed as herein provided to our base
3912 price Stop. With inauguration this system will not accept any orders for delivery f. o. b. our refineries. For customers located in these markets our delivered price will apply regardless of route of movement and we will protect such rates over all-rail routes selling basis above provided; will also apply on deliveries from consigned stock where we carry such stock Stop. The markets involved as well as rates which will be used to construct our ruling freight basis and our delivered price usual tare to be added are following Syracuse twenty-seven cents, Rochester twenty-
3913 eight one-half, Buffalo thirty-two, Cleveland thirty-six, Detroit thirty-nine, Green Bay fifty-eight one-half, Cincinnati forty-four Stop. Under no circumstances will such rates apply on sugar billed to such points which is reconsigned, diverted, or reshipped to defeat our selling basis at other points.

THE SUGAR INSTITUTE.

(Henderson files.)

3914 *Government Exhibit 455–G*

[Telegram]

NEW YORK, *April 30, 1929.*

W. H. HOODLESS,
Penna. Sugar Co.,
Phila., Pa.:

National announces effective at once on new business will apply following freight rates on direct shipments and on deliveries from consignment at points where we carry stocks on direct shipments these rates will apply irrespective of whether shipment moves via all-rail, rail-and-water, or all-water routing: Schenectady twenty-one and one-half cents, Albany eighteen, Utica twenty-five, Rome twenty-five one-half, Syracuse twenty-seven, Rochester twenty-eight one-half, Buffalo thirty-two, Cleveland thirty-six, Cleveland Detroit thirty-nine, Toledo forty-one, Cincinnati forty-four,
3915 Green Bay fifty-four one-half, Chicago and Milwaukee forty-nine one-half. These rates will apply only on sugars actually delivered at points listed and will not apply on any sugars reconsigned to points beyond or otherwise diverted Stop. Freight will be prepaid by refiner and invoicing rendered at our regular prepaid basis corresponding to actual freight rates herein indicated. Refiner will require from transportation companies record of delivery on all direct shipments moving to points at which these rates applicable. No delivery f. o. b. refinery for freight collect shipment will be made to these points.

THE SUGAR INSTITUTE.

(Pennsylvania files.)

3916 *Government Exhibit 455–H.*

[Telegram]

NEW YORK, *April 30, 1929, 9:30 a. m.*

W. H. HOODLESS,
Penna. Sugar Co., Phila., Pa.:

Arbuckle announces changes in quota transportation rates as follows: Syracuse, bags, twenty-seven point eight, barrels, cases, and containers twenty-nine point four; Rochester, twenty-nine point four and thirty-one; Buffalo, thirty-three and thirty-four point nine; Cleveland, thirty-seven point one and thirty-nine point two; Detroit, forty point two and forty-two point five; Greenbay, fifty-nine point three and sixty-two point six; Cincinnati, forty-five point three and forty-seven point nine; Chicago, fifty-one and fifty-three point nine; Milwaukee, same as Chicago Stop. These rates include tare; are applicable irrespective of routing and supersede f. o. b. New York quotations to markets mentioned.

THE SUGAR INSTITUTE.

(Pennsylvania files.)

3917 *Government Exhibit 455–I*

[Telegram]

NEW YORK, *April 30, 1929, 2:12 p. m.*

W. H. HOODLESS,
Penna. Sugar Co., Philadelphia, Pa.:

Godchaux announces. Quote. Effective immediately for new business we will use for sugar sold in Cleveland thirty-six-cent rate, Detroit thirty-nine cents, Cincinnati forty-four cents, as our basis of actual freight rate for arriving at our prepaid freight basis which will be added to our f. o. b. refinery price for a delivered cost to those cities Stop. We reserving to ourselves privilege of routing, as don't contemplate selling sugar for shipment to Cleveland or Detroit at above-mentioned rates unless buyer accepts actual barge movement or in-transit barge or ex-mounds. Unquote. Savannah announces. Quote. Effective May first Savannah's rate Jacksonville, Florida, twenty cent plus prepay. Unquote.

THE SUGAR INSTITUTE.

(Pennsylvania files.)

3918 *Government Exhibit 455–J*

[Telegram]

NEW YORK, *April 30, 1929, 3:10 p. m.*

W. H. HOODLESS,
Penna Sugar Co., Phila., Pa.:

Federal announces. Quote. Effective on new business in markets which can be served via river, canal, and/or Great Lakes, even if part

of movement is by rail, we will quote only delivered prices based on our price of sugar at refinery plus freight applications per examples listed hereunder Stop. We will bill at these delivered prices allowing customer to ship all-rail, and when remitting actual freight paid may be deducted only when accompanied by carrier's paid expense bill Stop. These delivered prices will also apply on deliveries ex-consignments where we carry such stock Stop. We will not accept any orders for delivery f. o. b. our refinery or New York intended
3919 for shipment to the above markets, neither will we accept orders intended for reshipment from any point to markets mentioned above. Unquote. Announcement lists, points, and freight applications same as Arbuckle, Pennsylvania, and in addition. Quote. Utica twenty-five point eight bags, twenty-seven point two barrels; Albany, twenty point one bags, twenty-one point two barrels; Rome, twenty-six point three bags, twenty-seven point eight barrels; Lockport, thirty-three bags, thirty-four point nine barrels; Schenectady, twenty-two point two bags, twenty-three point four barrels; Duluth, fifty-one bags, fifty-three point nine barrels; Toledo, forty-three point three bags, forty-five point eight barrels; other quotations on application. Unquote.

THE SUGAR INSTITUTE.

(Pennsylvania files.)

3920 *Government Exhibit 455–K*

[Telegram]

NEW YORK, N. Y., *Apl. 30, 1929*

W. H. HOODLESS,
Penna. Sugar, Philadelphia, Pa.:

Revere announces. Quote. Effective immediately on new business, will quote following markets at delivered prices only for refinery shipment or from consigned stock Stop. Price quoted will be our openly announced basis price plus following prepaid freight rates, which include tare for bags only Stop. Barrels and packages at usual differentials Stop. Syracuse, twenty-seven point eight; Rochester, twenty-nine point four; Buffalo, thirty-three; Cleveland, thirty-seven point one; Detroit, forty point two; Cincinnati, forty-
2931 five point three; Chicago, Milwaukee, fifty-one Stop. No sugar will be sold for our refinery for shipment to these markets Unquote. Revere announces. Quote. Effective May third on new business we quote delivered prices of our basis price plus fifteen point five cents on bags, sixteen point three barrels and cases, on one hundred bags shipments to one delivery in following markets: Providence, New Bedford, Fall River, and Newport. Unquote.

THE SUGAR INSTITUTE.

4 P. M.
(Pennsylvania files.)

3922 *Government Exhibit 455–L*

[Telegram]

NEW YORK, *April 30, 1929, 12:43 p. m.*

W. H. HOODLESS,
Penna. Sugar Co., Phila., Pa.:

Pennsylvania announces. Quote. Effective immediately on new business, we will quote following markets at delivered prices only price quoted will be our basis price plus following rates, which include tare. Unquote. Points and rates quoted are same as Arbuckle's announcement today already wired.

THE SUGAR INSTITUTE.

(Pennsylvania files.)

3923 *Government Exhibit 455–M*

MAY 1ST, 1929.

[Bulletin]

Delivered freight rates

Effective April 30th, 1929, on new business only, we will quote to the following markets sugar at delivered prices only. The price quoted will be our basis price plus the following rates.

Freight will be prepaid by us and the rates given below applied regardless of routing.

	Actual Rate	Prepaid Rate Bags	Prepaid Rate Bbls. & Cont.
New York:			
Albany	$0.18	$0.186	$0.196
Buffalo	.32	.33	.349
Lockport	.32	.33	.349
Niagara Falls	.32	.33	.349
Rochester	.28½	.294	.31
Rome	.25½	.263	.278
Syracuse	.27	.278	.294
Utica	.25	.258	.272
Schenectady	.21½	.222	.234
Ohio:			
Cincinnati	.44	.453	.479
Cleveland	.36	.371	.392
Toledo	.41	.423	.447
Michigan: Detroit	.39	.402	.425
Wisconsin:			
Green Bay	.54½	.562	.594
Milwaukee	.49½	.51	.539
Minnesota: Duluth	.49½	.51	.539
Illinois: Chicago	.49½	.51	.539

(Pennsylvania files.)

3924 *Government Exhibit 455–N*

THE NATIONAL SUGAR REFG. CO. OF N. J.,
129 Front Street Office, May 6, 1929.

Mr. CHARLES D. BRUYN:

Subject: Points in New York State on the New York State Barge Canal which are not consignment points.

As per our announcement of April 30, we have announced selling rates as follows:

Schenectady, N. Y.	21½¢
Utica, N. Y.	25¢
Rome, N. Y.	25½¢
Syracuse, N. Y.	27¢
Rochester, N. Y.	28½¢

and have also served notice that we will not make delivery F. O. B. Refinery for freight-collect shipment to these points.

These rates are *All-Rail rates*, and as none of the points mentioned is a consignment point no opportunity exists for moving sugar by the Canal Lines to any one of these points either for customer's account or for our own account.

This situation naturally prevents receivers of sugar from being able to order their sugars shipped via Canal and most certainly *leaves us open to attack by the Canal Lines for arbitrarily depriving them of business which they might otherwise obtain.*

V. K. RAYMOND.

(National files.)

3925 *Government exhibit 455–O*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 8, 1929.

For the Information of Members:

Announcement from Federal Sugar Refining Company, dated May 7, 1929

Effective immediately on new business we will quote only delivered prices, based on the price of refined sugar at our refinery, plus the following freight applications in the markets listed hereunder (these markets being in addition to those named in our announcement dated April 30th, 1929):

	Freight applications	
	Bags	Barrels, containers
Niagara Falls, N. Y.	33	34.7
Burlington, Vt.	31.4	33.2

(Colonial files.)

3926 *Government Exhibit 455–P*

THE SUGAR INSTITUTE, INC.,
May 13, 1929.

For the Information of Members:

Announcement from National Sugar Refining Co., dated May 10, 1929

"Supplementing our announcement of April 30 and effective at once, we list the following additional points to which we will not accept instructions for delivery F. O. B. Refinery for freight-collect shipment. Deliveries at these points will be made only at the following freight rates:

"Burlington, Vt	30½¢
Lockport, N. Y	32¢
Niagara Falls, N. Y	32¢
Duluth, Minn	49½¢

"On deliveries to these points freight will be prepaid by the refiner and invoicing rendered at our regular prepaid basis corresponding to the actual freight rates herein indicated."

From National Sugar Refining Co., dated May 13, 1929

"Effective at once on rail shipments consigned to East Hartford, Conn., we will discontinue invoicing shipments at the prepaid Hartford rate of 19.6¢ bags and 20.7¢ barrels and cases. From this date rail deliveries at East Hartford will be invoiced at a rail rate of 21½¢ carload, selling basis 22.2¢ bags and 23.4¢ barrels."

From National Sugar Refining Co., dated May 13, 1929

"Supplementing our announcement of April 30 and effective at once, we will not accept instructions for delivery F. O. B. Refinery freight collect on shipments consigned to Troy, N. Y. On deliveries to this point freight will be prepaid by the Refinery and invoicing rendered at our regular prepaid basis corresponding to the actual freight rate herein indicated of 18¢ per cwt."

(Colonial files.)

3927 *Government Exhibit 455–Q*

[Telegram]

MAY 1, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.:

Supplementing our announcement of April thirtieth, effective immediately on new business, our delivered price for refinery shipment

or from consigned stock will be our openly announced basis price plus following freight rate, which include tare for bags, usual differential for barrels and packages to Toledo, bags four two point three Stop. Barrels four four point seven.

REVERE SUGAR REFINERY.

10:51 a. m.
(Revere files.)

3928 *Government Exhibit 455–R*

[Telegram]

NEW YORK, N. Y., *May 1, 1929.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Federal announces following changes of freight applications: Greenbay, fifty-six point two, bags fifty-nine point four, barrels and containers, Albany, eighteen point six, nineteen point six; Toledo, forty-two point three, forty-four point seven.

THE SUGAR INSTITUTE.

10:55 a. m.
(Revere files.)

3929 *Government Exhibit 455–S*

[Telegram]

NEW YORK, N. Y., *May 1, 1929.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Arbuckle announces changes in quoted transportation rates as follows: Albany, bags, eighteen point six, barrels, cases, containers, nineteen point six; Schenectady, twenty-two point two and twenty-three point four; Utica, twenty-five point eight and twenty-seven point two; Rome, twenty-six point three and twenty-seven point eight; Lockport, thirty-three and thirty-four point nine; Niagara Falls, thirty-three and thirty-four point nine; Toledo, forty-two point three and forty-four point seven; Duluth, fifty-one and fifty-three point nine. Rates include tare, are applicable irrespective of routing, and supersede f. o. b. New York quotations to markets mentioned Stop. Referring to announcement of April thir-
3930 tieth change in rates Greenbay bags fifty-six point two barrels, cases, and containers, fifty-nine point four Stop. Rates quoted to Chicago, viz, fifty-one and fifty-three point nine, also apply at Hammond, Gary, Chicago Heights Stop. Colonial announces, effective immediately on new business advance freight selling basis to forty-nine one-half per hundred pounds to Chicago, Chicago switching district, Chicago Heights, Gary, Milwaukee; usual tare to be added for arriving at delivered price to those markets.

THE SUGAR INSTITUTE.

2:12 a. m.
(Revere files.)

3931 *Government Exhibit 455–T*

[Telegram]

NEW YORK, N. Y., *May 1, 1929.*

H. E. WORCESTER,
15 Broad St., Boston:

Pennsylvania announces supplementing announcement of April twenty-third, effective April twenty-second, on new business only, will apply Philadelphia Lake and rail rates on direct shipment and deliveries from consigned stocks at Eau Claire, Red Wing, Winona, Rochester, Lacrosse, and Sparta.

THE SUGAR INSTITUTE.

1:55 p. m.
(Revere files.)

3932 *Government Exhibit 455–U*

[Telegram]

NEW YORK, N. Y., *May 1, 1929.*

H. E. WORCESTER,
15 Broad St., Boston:

Revere announces, supplementing yesterday's announcement, effectivetive immediately, on new business delivered price for refinery shipment or from consigned stock will be openly announced basis price plus following freight rate, which includes tare for bags, usual differential for barrels and packages to Toledo, bags four two point three barrels four four point seven.

THE SUGAR INSTITUTE.

11:12 a. m.
(Revere files.)

3933 *Government Exhibit 455–V*

[Telegram]

NEW YORK, N. Y., *May 1, 1929.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

McCahan announces, effective immediately, on new business, until further notice, on direct shipments and deliveries from consignments where available at the cities listed below, we shall apply prepaid freight rates indicated: Schenectady, bags, two two point two—other packages, two three point four; Utica, two five eight and two seven two; Rome, two six three and two seven eight; Syracuse, two seven eight and two nine four; Rochester, two nine four and three one naught; Buffalo, three three naught and three four nine; Lockport, three three naught and three four nine; Cleveland, three seven one and three nine two; Toledo, four two three and four four
3934 seven; Cincinnati, four five three and four seven nine; Detroit, four naught two and four two five; Hammond, five one naught

and five three nine; Gary, five one naught and five three nine; Chicago Heights, five one naught and five three nine; Chicago, five one naught and five three nine; Milwaukee, five one naught and five three nine; Green Bay, five six two and five nine four. The addition of above prepaid freight rates to our basic price will constitute our delivered price at each corresponding city which will supersede f. o. b. Philadelphia quotation irrespective of route over which shipment has moved Stop. Godchaux announces, effective immediately, new business will use for sugar sold Toledo, forty-one-cent rate; Chicago and switching area, Milwaukee, forty-nine-one-half-cents rate as our basis of actual freight rate for arriving at our prepaid freight basis
3935 which will be added to our f. o. b. refinery price for delivered cost to these cities Stop. American announces, effective immediately, on new business advance freight selling basis in Milwaukee and Chicago, and points in Chicago switching district, Chicago Heights, and Gary to forty-nine point five, to which will be added usual tare. This basis will be used to construct delivered price those markets in lieu of rates in notice of April twenty-ninth Stop. Colonial announces, effective on new business only, ruling freight basis to Cincinnati will be forty-four cents per hundred pounds, usual tare to be added Stop. All above announcements dated April thirtieth.

THE SUGAR INSTITUTE.

9:53 a. m.
(Revere files.)

3936 *Government Exhibit 455–W*

[Telegram]

NEW YORK, N. Y., *May 1, 1929—3:54 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Correcting Pennsylvania's announcement today, supplementing announcement of April twenty-third, should read: Quote Will apply Philadelphia Lake and rail rates to St. Paul on direct shipment, etc.

THE SUGAR INSTITUTE.

(Revere files.)

3937 *Government Exhibit 455–X*

[Telegram]

NEW YORK, N. Y., *May 1, 1929—4:00 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Pennsylvania announces, supplementing announcement of yesterday, effective immediately, new business will quote in following markets sugar at delivered prices only; prices quoted in here are actual rates, usual differentials bags, barrels, etc., to be added Albany,

eighteen; Lockport, thirty-two; Niagara, thirty-two; Rome, twenty-five one-half; Utica, twenty-five; Duluth, forty-nine one-half.

THE SUGAR INST.

(Revere files.)

3938 *Government Exhibit 456*

[Telegram]

DEC. 13, 1929.

Mr. M. B. McGEE,
Memphis, Tenn.:

Effective on new business, commencing Saturday, December fourteenth, we will apply delivered prices on all sugars sold for delivery at any point within the State of Tennessee. Our delivered price will be made up of our basis price on refined sugar plus the all-rail rate from New Orleans or Savannah, whichever is the lower Stop. To this base the usual tare will be added. The delivered prices will apply regardless of routes of movement and will also apply on deliveries from consigned stocks Stop. We will not accept any orders for delivery f. o. b. our refinery Stop. The rates to be used for making these delivered prices to the principal points in your territory are as follows: Memphis, thirty-nine; Martin, forty-three; Covington, forty-one; Dyersburg, forty-two. The rates for other points will be given on application Stop. Outstanding four-payment shipments if immediately called at firm price, can be remitted for on prior prevailing rates.

GODCHAUX SUGARS, INC.

(Godchaux files.)

3939 *Government Exhibit 456–A*

[Telegram]

NEW YORK, N. Y., *Dec. 13, 1929—7:05 p. m.*

WM. HENDERSON,
Henderson Sugar Refinery,
749 South Peters St., New Orleans, La.:

Following announcement from Godchaux: Quote at opening of business December fourteenth in the States of Kentucky, Alabama, Tennessee, and Indiana we will sell only on delivered prices made up of our basis price plus the all-rail rate from New Orleans, Savannah, or Philadelphia, whichever is lowest Stop. We will not accept any orders for delivery f. o. b. our refinery for these States Stop. This delivered price will apply regardless of routes of movements and also apply on consigned stocks Stop. Outstanding trade consignments, if immediately called at firm price, will be billed on basis rates prevailing prior establishment delivered prices Unquote.

THE SUGAR INSTITUTE.

(Henderson files.)

3940 *Government Exhibit 456–B*

[Telegram]

DEC. 14, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Effective immediately, we withdraw terms by which we made rail shipments and consignment deliveries on base price plus barge application, and on all new business we will contract and sell in Alabama, Tennessee, Kentucky, Indiana only on delivered price, and will not confirm business f. o. b. New Orleans Stop. Delivered price will be our announced New Orleans base price plus all-rail freight from New Orleans, Savannah, or Philadelphia, whichever is lowest, plus usual freight on tare Stop. This delivered price will apply on all routings without exception, and also on consignment deliveries Stop. Four-payment plan shipments now outstanding can be remitted for on prior prevailing rates if called at firm price immediately.

WM. HENDERSON.

(Henderson files.)

3941 *Government Exhibit 456–C*

[Telegram]

NEW YORK, N. Y., *Dec. 14, 1929—10:37 a. m.*

WM. HENDERSON,
Henderson Sugar Refinery, 749 South Peters St.:

Following announcement from Savannah: Quote Effective opening business Saturday, December fourteen: On new business only Savannah will apply delivered prices on all sugars sold for delivery at any points within the States of Tennessee, Alabama, Kentucky, and Indiana Stop. Our delivered price will be made up of our base price on refined sugar plus all rail rate from Philadelphia, New Orleans, or Savannah, whichever is lower to this base; the usual tare will be added Stop. Trade consignments at present outstanding will be permitted to be taken immediately at old rates Stop. Examples of these delivered rates to principal points in Tennessee are as follows: Chattanooga, forty-three cents; Knoxville, forty-one cents; Memphis, thirty-nine cents; Nashville, forty-six cents; to these rates the usual tare must be added Unquote.

SUGAR INSTITUTE.

(Henderson files.)

3942 *Government Exhibit 456–D*

[Telegram]

NEW YORK, N. Y., *Dec. 14, 1929—10:48 a. m.*

WM. HENDERSON,

Henderson Sugar Refinery, 749 South Peters St.:

The following announcement has been received from Colonial: Quote Effective opening business, December fourteenth, in Alabama, Tennessee, Kentucky, and Indiana. We will only sell on delivered prices based on all rail rate from New Orleans, Savannah, or Philadelphia, whichever is lower regardless of route used Stop. This will also apply to deliveries from consigned stock Stop. No further orders will be accepted for delivery f. o. b. our refinery for the above States Stop. If present outstanding trade consignments are called immediately at firm price, we will apply rate prevailing prior to our announcement of the above terms Stop. Unquote.

THE SUGAR INSTITUTE.

(Henderson files.)

3943 *Government Exhibit 456–E*

[Telegram]

NEW YORK, N. Y., *14—12:28 p. m.*

WM. HENDERSON,

Henderson Sugar Refinery, 749 South Peters St.:

The following announcement received from National: Quote Effective as of the opening of business December fourteenth in the States of Tennessee, Kentucky, and Indiana, except at Gary and Hammond, we will sell only on a delivered price basis for freight prepaid shipment, adding to our basis price for refined sugar the Philadelphia, New Orleans, or Savannah all-rail rate, whichever is lower, invoicing in accordance with our customary prepaid rate schedules Stop. These prices will apply on direct shipments irrespective of routing and will also apply on deliveries from consigned stock Stop. Trade consignments now outstanding if reported immediately will be invoiced at selling rates heretofore effective Unquote. Announcement from Armstrong also received in line with foregoing.

THE SUGAR INSTITUTE.

(Henderson files.)

3944 *Government Exhibit 456–F*

[Telegram]

NEW YORK, N. Y., *14—12: 53 p. m.*

WM. HENDERSON,
Henderson Sugar Refinery,
749 South Peters St., New Orleans, La.:

Following announcement received from American: Quote Effective at opening of business December fourteenth we will apply delivered prices on all sugars sold for delivery in the States of Alabama, Kentucky, and Tennessee and Indiana except to points in Indiana located in Chicago switching district where no change will be made in our present selling basis Stop. Philadelphia, New Orleans, or Savannah all-rail rate, whichever is lower, will be used plus tare in constructing our freight selling basis to make our delivered price regardless of routing Stop. These rates will be applicable on direct shipments in carloads from our refineries and on deliveries from consigned stocks in these States Stop. Actual rates will be furnished on application Stop. Outstanding trade consignments on four-payment plan will be protected at rates in effect prior to this announcement provided unbilled balances are called immediately Unquote.

THE SUGAR INSTITUTE.

(Henderson files.)

3945 *Government Exhibit 456–G*

[Telegram]

NEW YORK, N. Y., *14—2: 23 p. m.*

WM. HENDERSON,
Henderson Sugar Refinery,
749 South Peters St., New Orleans, La.:

Following announcement received from Arbuckle: Quote Effective immediately at the points in the States of Kentucky, Tennessee, and Indiana, where we quote delivered prices on sugar we will base such prices on Philadelphia, New Orleans, or Savannah all rail rates, whichever is lower, except that there will be no change in our present delivered prices at Gary and Hammond, Indiana Stop. At all other points we will apply delivered prices based on the lowest of the three rates mentioned above regardless of routing Stop. Unquote. Announcement from Pennsylvania in line with American Stop. Also Spreckels in line with American with exception of State of Alabama.

SUGAR INSTITUTE, INC.

(Henderson files.)

3946 *Government Exhibit 456–H*

[Telegram]

NEW YORK, *Dec. 14, 1929.*

M. B. MURPHY,
132 North Peters Street,
New Orleans, La.:

Any business accepted today for delivery into territory referred to in our announcement naming delivered prices must be billed on the new freight selling basis Stop. This applies to all business regardless of whether delivered from consigned stock or for direct shipment.

C. H. WHITE, JR.

(American files.)

3947 *Government Exhibit 456–O*

[Copy of telegram]

PHILADELPHIA, PA., *12–14–29.*

THE SUGAR INSTITUTE, INC.,
New York, N. Y.:

Have made following announcement: Quote Effective opening of business Saturday, December fourteenth, on new business until further notice on direct shipments and deliveries from consignment where available at all points within the States of Tennessee east of and including Knoxville, Kentucky east of and including Louisville, and Indiana except Gary and Hammond, we shall apply the New Orleans all-rail, the Savannah all-rail or the Philadelphia all-rail freight rate, whichever is lowest Stop. The addition of the prepaid freight rates to our basic price will constitute our delivered price at each city which will supersede the f. o. b. Philadelphia quotation irrespective of the route over which the shipment has moved Unquote.

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.

(McCahan files.)

3948 *Government Exhibit 456–P*

[Telegram]

DECEMBER 14, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Also Bradley, Edgar, and Lewis and Culp, Louisville.)

Effective opening of business today in the States of Kentucky, Alabama, Tennessee, and Indiana, with the exception of Gary and Hammond, Indiana, we will sell only on delivered prices made up of our basis price plus the all-rail rate from New Orleans, Savannah, or Philadelphia, whichever is lowest Stop. We will not accept any orders for delivery f. o. b. our refinery for these States Stop. This

delivered price will apply regardless of routes and also apply on consigned stocks Stop. Outstanding trade consignments, if immediately called at firm price, will be billed on basis rates prevailing prior the establishment delivered prices.

PENNSYLVANIA SUGAR COMPANY.

(Pennsylvania files.)

3948a *Government Exhibit 456–Q*

Exhibit 456–Q (filed with the Clerk of the Supreme Court in lieu of printing) is an announcement to the trade by National, dated December 14, 1929, identical with Exhibit 456–E.

3949 *Government Exhibit 456–R*

MONDAY, DECEMBER 16, 1929.

THE DAUB & CARR COMPANY,
138 Front Street, N. Y. City.

(Announcement by the C. & H., Received by Mail from Kansas City, Mo.)

Effective closing of business December 14th, we will apply delivered price on all sugars sold for delivery in Alabama, Kentucky, Tennessee, and Indiana (excepting Gary, Hammond, which unchanged). Our delivered price to be made up of our basic price plus freight application based on rail rates from New Orleans, Savannah, or Philadelphia, whichever lowest. No business to be accepted on f. o. b. basing point price. Delivered price to apply regardless of routing and will apply on consigned stocks. Reference outstanding for payment consignments, we will invoice at present basis plus old freight applications if called by Trade immediately.

(American files.)

3950 *Government Exhibit 456–S*

[Telegram]

NEW YORK, N. Y., *Dec. 16, 1929—12:06 p. m.*

WM. HENDERSON,
Henderson Sugar Refinery, 749 South Peters St.:

Hershey announces effective immediately will apply delivered prices on all sugars sold for delivery in Alabama, Kentucky, Tennessee, also in Indiana, except Gary and Hammond, where no change will be made in present selling basis Stop. Philadelphia, New Orleans, or Savannah all rail rate, whichever lower, plus tare, will be used in constructing freight selling basis to make delivered price, regardless of routing Stop. These rates will be applicable on direct shipments in carloads from their usual shipping parts and will also

apply on deliveries from consigned stocks in these States Stop. Outstanding consignments on four-payment plan will be protected at rates in effect prior to this announcement provided unbilled balances called immediately.

THE SUGAR INSTITUTE.

(Henderson files.)

3951 *Government Exhibit 456–T*

[Telegram]

NEW YORK, N. Y., *Dec. 16, 1929—2:45 p. m.*

HENDERSON SUGAR REFINERY,
749 South Peters St., New Orleans, La.:

Regarding your wire Hersheys announcement rate change not released till late Saturday Stop. Hershey confirmed business old basis Andalusia on night-letter orders filed Saturday before time of announcement.

THE SUGAR INSTITUTE.

(Henderson files.)

3952 *Government Exhibit 456–U*

[Telegram]

NEW YORK, N. Y., *Dec. 16, 1929—3:59 p. m.*

WM. HENDERSON,
Henderson Sugar Refinery, 749 South Peters St.:

Domestic bureau advises, effective immediately, Great Western will use all rail prepay rates when invoicing sugar delivered in States Indiana, Kentucky, Tennessee.

THE SUGAR INSTITUTE.

(Henderson files.)

3953 *Government Exhibit 456–V*

[Telegram]

NEW YORK, N. Y., *Dec. 14, 1929—10:28 a. m.*

REVERE SUGAR REFINERY,
15 Broad St., Boston, Mass.:

Godchaux Savannah announce effective opening Saturday will only sell States of Tennessee, Alabama, Kentucky, Indiana on delivered prices, which we understand will be built up from basis plus Philadelphia or New Orleans rail rate, whichever lower.

(Revere files.)

3954 *Government Exhibit 457*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 23, 1928.

To all New York refiners:

GENTLEMEN: I am in receipt of the following telegram:

"We informed Philadelphia refiners soliciting business Chicago basis ocean-rail rate of forty-nine one-half cents which they state will become effective March twenty-fifth, other eastern refiners soliciting business lake-and-rail same rate effective March nineteenth Stop. Both quoting invoices payable seven days after arrival, this as compared with our river-rail shipments from New Orleans being payable fourteen days after shipment. Please advise as we feel any combination water-rail rates should be *same payment terms as now used by New Orleans refiners for water-rail movement or if not agreeable to eastern refiner then New Orleans refiners should be privileged to quote* during season eastern water-rail movement barge shipment terms payable seven days after arrival.

"J. MOOG."

So far as I am able to form an opinion without consultation with you, I believe that Mr. Moog is absolutely correct.

The intent of the Code provision regarding the use of differential rates was that the price at Chicago should be basen on the all *rail rate*. It was recognized, however, that customers would have the right to buy f. o. b. New York and ship by a different route just as the same condition was recognized with regard to barge movement from New Orleans.

As the ultimate effect of this will be to break the Chicago market down to the differential basis, I did not realize that this kind of business was going to be actively solicited, but I presume there is no avoiding this. The terms of payment, however, should certainly be no more liberal than those in effect from New Orleans, to wit: 14 days after shipment. Even this would seem to me to give New York and Philadelphia a *considerable advantage over New Orleans.*

Please inform me if in your opinion you are going to be able to sell any sugar forwarded by yourselves to Chicago on the all-rail application as contemplated by the Code. If it is conceded that the market will break to the differential rate basis immediately upon the opening of navigation, I shall want to advise all refiners serving Chicago exclusively by rail of this fact.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(American files.)

3955 *Government Exhibit 457–A*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y., March 29, 1928.

To All New York, Philadelphia, and Boston Refiners:

GENTLEMEN: There will be a special meeting of Directors representing New York, Philadelphia, and Boston refiners, together with their Sales Managers and Traffic Managers, at the Sugar Institute on Thursday, March 29, at 2:30 p. m.

Subject for discussion: *Freight application at Chicago and lake ports during season of open navigation.*

Kindly make no announcement as to time of payment on shipments over differential routes at customer's request until after this conference.

(Signed) SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

3956 *Government Exhibit 457–B*

[Telegram]

MARCH 28, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg., New Orleans, La.:

It is the opinion of the executive committee that shipments to Chicago from Atlantic ports over differential routes should not carry any more liberal terms of payment than those in effect from New Orleans Stop. Solicitation of such business based on payment after arrival *has not been authorized* and will be discontinued Stop. *I am making an effort to maintain application of code principles to Chicago during open season; to do this I must have totals of shipments made by barge to Chicago territory at customers' request.* Kindly furnish me with this information from March first to date and weekly hereafter.

THE SUGAR INSTITUTE, INC.

3957 *Government Exhibit 457–C*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street, Philadelphia, Pa., March 31, 1928.

Mr. MANUEL E. RIONDA,
106 Wall Street, New York, N. Y.

DEAR MR. RIONDA: For a number of years our shipments to Chicago and other western markets over the "lake-and-rail" route have been payable "7 days after arrival." During all of these years (with the exception of last year) shipments from New Orleans over the "barge" route have been made payable "14 days after shipment."

In spite of this disadvantage on barge shipments and in spite of the very defective and slow service rendered by the barge line in past years, New Orleans has never had any difficulty in finding a very considerable tonnage to ship over this route. As a matter of fact it became necessary to allot space on the barges because the demand exceeded the supply. The reason for this is that the barge rate was fixed sufficiently low to overcome the disadvantages already mentioned. Please bear these facts in mind.

On March 23rd Judge Ballou addressed us a letter quoting a telegram received by him from Mr. Moog complaining that Philadelphia refiners were soliciting orders for shipment by the "lake-and-rail" route payable 7 days after arrival. Mr. Moog pointed out that since the "lake-and-rail" shipments would be made over a "differential" route they should be payable 14 days after shipment just like the barge shipments from New Orleans. As far as McCahan is concerned, the only "lake-and-rail" shipments accepted by us so far had specified payment 14 days after shipment. The reason for this is that navigation on the lakes is still closed and we therefore considered that the customer should bear the burden of carrying the sugars while delayed at Buffalo awaiting shipment over the lakes. The payment of 14 days after shipment was arrived at by figuring that "all-rail" shipments (payable 7 days after arrival) would have become payable 14 days after shipment.

3958 Please note that these customers were willing to suffer a considerable delay in the arrival of their sugars and were willing to pay for the sugars far in advance of their arrival in order to effect a slight saving in freight rate.

Subsequently a meeting was called at the Institute on March 29th to *discuss means of maintaining the "all-rail"* rate into Chicago and other western markets. Both Mr. Fox and I believed that the purpose of this meeting was to *agree to sell in these markets on a uniform "delivered"* quotation (based on the "all-rail" rate), *refusing to sell on an f. o. b. basis for shipment over all differential routes.* This is the system employed by the Beet Sugar manufacturers.

The establishment of this system would have lost to us the selling advantage of the "lake-and-rail" route, but we would have been perfectly willing to make this sacrifice for the sake of a stabilized market which would have been of great advantage to those refiners not enjoying differential routes. However, pending consultation with legal authority, Judge Ballou felt that such an agreement might not be enforceable.

Under these conditions, at Judge Ballou's suggestion and in a generous spirit of "fair play", we agreed to accept Mr. Moog's suggestion (which was the primary cause of the whole discussion) that we *exact payment 14 days* after shipment on "lake-and-rail" shipments. *The purpose of this was to discourage shipments over this route, thereby attempting to maintain the "all-rail" basis into Western markets.* In agreeing to this great concession (thereby putting all differential shipments on equal payment terms based on the transit

time of "all-rail" shipments) we were, for the good of all refiners, voluntarily giving up an advantage always enjoyed by us in former years.

Not content with this great concession freely made by us, the New Orleans refiners represented at the meeting (profiting by their numbers and by the support of New York refiners who enjoy an "all-water" movement similar to the New Orleans barge route) now brought forth the argument that the above arrangement *discriminated* against New Orleans due to their slower movement over their barge line. On the face of it, this argument is absurd. At this point please refer to the facts brought out at the beginning of this letter. If for a number of years the tonnage moved over the barge line from New Orleans has been enormous in spite of a very slow movement and in spite of the terms of payment of 14 days after shipment as compared with our terms of 7 days after arrival, how can it be said that New Orleans would now be discriminated against by a uniform payment of 14 days after shipment, especially in view of the "express" movement now available over the barge line? Such tactics, based
3959 not on a sense of fairness but solely on a desire to use the Institute to obtain by any means an undue advantage over one's competitors, will make the deliberations of the Institute very unsuccessful indeed.

I was disappointed that the meeting, after some of those present had recognized the fairness of our position and had argued in its favor, should finally have brought pressure upon us to agree to exact payments of 10 days after shipment on "lake and rail" shipments. This was not, as stated, a "compromise" in any sense of the word. The New Orleans refiners did not give up a thing that they had enjoyed in the past while Philadelphia refiners were deprived not only of advantages that we had generously offered to waive but also were persuaded to agree to payment terms which will handicap us in the sale of our sugar over and beyond the original handicap of the lower differential freight rates available to New Orleans and New York refiners.

There is not the slightest justification for the discrimination in our terms of payment because it has been clearly demonstrated in the past that the lower rate of the barge line was more than sufficient to overcome disadvantages much greater than would exist at the present time on a uniform-payment basis of 14 days after shipment. I believe these facts should be thoroughly reviewed before the Institute finally acts on this matter.

Furthermore, I believe further consideration should be given to the situation which would exist in case the rate to Western markets is finally broken down to the "lake and rail" basis. If this occurs, we would have the impossible situation of Philadelphia exacting payment 14 days after shipment on an unsatisfactory "lake and rail" movement while the C. & H., with an equal transit time and an equal rate, would be quoting 7 days after arrival on an "all-rail" movement. In order to compete it would be necessary for us to make shipments

"all rail", charging the "lake and rail" rate and absorbing the difference. Under these conditions it would be to the advantage of other refiners, especially of the C. & H., to permit us to quote 7 days after arrival on "lake and rail" shipments, thereby avoiding our competition on faster "all rail" shipments on the same rate and terms.

I also want to mention the statement made at the meeting that the *C. & H. considers that Chicago and other western markets are their logical territory.* This should be denied most emphatically. No refiner has any right to claim a territory exclusively unless the freight rate structure furnishes a clearly defined geographical advantage.

This is certainly not the case with C. & H. in these western markets,
which logically and economically belong to Atlantic Coast and
3960 Gulf Refiners. The proof of this lies in the fact that the
C. & H. makes enormous freight absorptions in this territory. Under these conditions a refiner cannot claim any business which cannot be obtained under the same terms and conditions quoted by other refiners operating in that territory.

One of two courses is open to the C. & H. under these conditions. (1) Extend their field of operations and obtain customers in new territories under the same terms and conditions prevailing in such new territories. (2) If the freight absorptions necessary under the above system become too burdensome, *then admit that their capacity is too large for their geographical territory* and make arrangements to refine their product in eastern or southern ports possessing greater geographical advantages. I believe that, in the long run, the second suggestion would be the more economical for all concerned, including the C. & H.

In the meantime it is too much to expect other refiners to meekly give up valuable relations with brokers and customers merely because the C. & H. chooses to claim a certain territory as their own by quoting special terms and conditions therein. Sooner or later this situation must be faced and all refiners put on an equal competitive basis so that all refiners will obtain such business as would normally come to them under the same terms and conditions.

Yours very truly,

LOUIS V. PLACÉ, Jr.

3961 *Government Exhibit 457–D*

[Copy]

APRIL 3, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: Referring to (1) your letter to us dated March 23rd, (2) the discussions at the meeting at the Institute on March 29th, (3) my letter to Mr. M. E. Rionda dated March 31st (of which copy was furnished to you), and (4) our conversation yesterday, I wish to *confirm my understanding of the freight rate*

situation in the competitive territory served by both Atlantic Coast and Gulf refiners.

Until further notice all consignment deliveries and direct shipments are to be invoiced at the Gulf "all rail" rate or the Atlantic "all rail" rate (whichever is lower to the point of destination), payable 7 days after delivery or arrival, unless the buyer requests a direct shipment over a differential route, in which case such shipments are to be invoiced at the actual freight rate over the route shipped, payable 10 days after shipment on "water and rail" routes and 14 days after shipment on long haul barge and "all water" routes.

I further understand that, if the freight rate basis to this territory should be broken down to the basis of some differential rate, then all consignment deliveries and direct shipments, made either by "all rail" or by "water and rail" differential routes having a rate equal to or higher than the basing rate, will be invoiced at such basing rate, payable 7 days after delivery or arrival, unless the buyer requests a direct shipment over a differential route having a rate lower than the basing rate, in which case such shipments will be invoiced at the actual freight rate over the route selected, payable 10 days after shipment on "water and rail" routes and 14 days after shipment on long haul barge and "all water" routes.

Yours very truly,

LOUIS V. PLACÉ, JR.,
Vice President.

(McCahan files.)

3962 *Government Exhibit 457–E*

[Copy]

THE SUGAR INSTITUTE, INC.,
New York, N. Y., April 4, 1928.

Mr. LOUIS V. PLACÉ, JR.,
W. J. McCahan Sugar Refining & Molasses Company,
101 South Front Street, Philadelphia, Pa.

MY DEAR MR. PLACÉ: I have you letter of April 3rd relative to the freight-rate situation in the competitive territory served by both Atlantic Coast and Gulf refiners.

I understand that the situation is as expressed in your letter with exception that New York refiners in shipping over the so-called "standard differential routes" carrying a rate of 51½¢ to Chicago, are absorbing 2¢ to put them on a parity with the standard differential routes from Philadelphia, this absorption in the same manner and to the same extent as is customary in all-rail shipments.

Yesterday, however, I notified all members of the Institute that Western had authorized the application of the lake and rail rate in Twin Cities territory, only to be applicable to withdrawals after the arrival of the first lake boat at Duluth.

While I notified the Western this morning that there was no sugar whatever on order and in transit to Twin Cities by differentials routes at customer's request, it is not probable that this will now be changed.

Any refiner meeting this competition is, of course, at liberty to meet the Western's terms of payment so far as it can be done without split billing.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

(McCahan files.)

3963 *Government Exhibit 457-F*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, April 5, 1928.

Mr. HENRY E. WORCESTER,
15 Broad Street, Boston, Mass.

MY DEAR MR. WORCESTER: We mailed you yesterday blanks entitled "Special Report on Movement by Differential Routes."

We would appreciate receiving information called for on this blank for the week ending March 3, 1928, and every subsequent week.

We regard this information as important in connection with question of the proper freight application at destination markets. Individual returns will be considered as confidential and only totals released.

Very truly yours,

(Sd.) SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

3964 *Government Exhibit 457-G*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 13th, 1928.

To All Members of the Sugar Institute, Inc.:

The following questions were on the calendar for discussion at the last meeting of the Board of Directors but were not reached. The Executive Secretary does not entertain any doubt as to what the answers should be and therefore makes the following rulings:

Thirty-day contracts—Withdrawals

Question: On a customary 30-day contract may the refiner accept a withdrawal order that specifies a shipping date beyond the 30-day contract term?

Ruling: The customary 30-day contract is one which calls for the withdrawal of all sugar within 30 days from date of the contract. *Any order specifying a shipping date beyond the 30-day contract term is not in accordance with the customary 30-day contract and should not be accepted.*

Diversions of differential shipments

Question: May a refiner route sugar via a differential line to one of his consignment points and after the sugar has been en route several days, sell it and divert it to a buyer at a nonconsignment point and bill at the differential rate?

Ruling: The Code of Ethics prohibits the use of differential rates on consignments or otherwise than on direct shipments over differential routes at customer's request. A shipment at customer's request is not the same thing as diversion at customer's request after shipment. In all cases warranting the application of a differential rate the sale must have been made f. o. b. refining or shipping point, and the route specified by customer before shipment was made.

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

3965 *Government Exhibit 457–H*

[Personal]

APRIL 21, 1928.

Mr. H. R. HARRIS,
Vice President, Savannah Sugar Refining Corporation,
Savannah Bank & Trust Co. Bldg., Savannah, Georgia.

DEAR MR. HARRIS: During our conversation upon the occasion of my very pleasant visit with you in our office, you mentioned the fact that The Boykin Grocery Company had exhibited to one of your representatives an invoice showing that we were only charging 32½¢ on shipments to Wilson, North Carolina. I checked this matter up and have a report from our Baltimore Office to the effect that every transaction with this concern from January 1st to date has been examined and in each instance we have received from this concern 35½¢ freight, which is arrived at by figuring 11¢ Baltimore to Newbern and 24½¢ Newbern to Wilson. Evidently it was some other refiner who allowed 32½¢.

If you will find out who is doing this and let me know *I will endeavor to get them straightened out.* I do not see any reason for your absorbing an additional 3¢, and, certainly, we do not wish to make any absorption against ourselves.

With best wishes, sincerely yours,

General Sales Manager.

CHW.JR/EJ.
(American files.)

3966 *Government Exhibit 457–I*

APRIL 27, 1928.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute,
129 Front Street, New York, N. Y.

DEAR SIR: In your telegram of April 2nd you stated that blanks were being circulated for weekly reports of sugar movement over differential routes, and that this information would be furnished to us weekly.

On April 4th we received a telegram from you giving certain tonnages that were then resting at Buffalo, awaiting the opening of navigation on the Great Lakes. Since that date we have heard nothing further from you, and are therefore in the dark as to what our attitude should be regarding the maintenance of lake and rail quotations which we are now making.

May we have this information from you, if available?

Yours very truly,

WESTERN SUGAR REFINERY,

Sales Manager.

ETR:D.
(Western files.)

3967 *Government Exhibit 457–J*

[Telegram]

[Copy]

NEW YORK, N. Y., *May 2, 1928—10:37 p. m.*

WESTERN SUGAR REFG. CO.,
2 Pine St., San Francisco, Calif.:

Total shipments over differentials routes at customers' request from Atlantic seaboard into Central Freight Association and western trunk-line territory from February twenty-sixth to April twenty-first, inclusive, this being all sugars which under present quotations take differential freight application, are as follows in number of bags to nearest thousand, Illinois thirty-three thousand, Wisconsin seventy-two thousand, Minnesota two thousand, Michigan eighty thousand, Ohio one hundred seventeen thousand Stop. Total shipments thus made from Atlantic seaboard to all territories three hundred ninety-three thousand, or less than twenty thousand short tons Stop. As a matter of fact, two hundred eighty-six thousand bags of this moved over national dispatch and ocean and rail open all the year, leaving only one hundred seven thousand bags for lines dependent on open navigation Stop. During same period Atlantic refiners shipped one hundred fifty-six thousand bags by differential routes on their own account, but this sugar except six thousand bags to Minnesota does not take price based on differential freight appli-

cation until somebody breaks down present system and Institute notifies of this competition.

THE SUGAR INSTITUTE.

(Western files.)

3968 *Government Exhibit 457–K*

[Telegram]

NEW YORK, *May 2, 1928—7:26 a. m.*

WM. S. PARDONNER,
Savannah Sugar Rfg. Corpn., Savannah, Ga.:

Brokers in Central Freight Association territory and western trunk-line territory nervous for fear they will not get business on new contracts after May fourth owing to possibility of future breaking down of freight application to lake and rail in those territories Stop. It has occurred to me that this apprehension might be allayed by suggesting that *everybody guarantee against change in freight application on direct shipments on refiners' own accounts* or deliveries exconsignment by any cane-sugar refiner Stop. Do you think this would help the situation, and do you think it would be good policy to suggest it?

THE SUGAR INSTITUTE.

(Savannah files.)

3969 *Government Exhibit 457–L*

GODCHAUX SUGARS, INC.,
New Orleans, May 3, 1928.

Mr. A. W. BEEBE,
W. H. Edgar & Son, Detroit, Michigan.

DEAR MR. BEEBE: Under date of March 15th we shipped to Oakley Economy Stores Co., Terre Haute, Indiana, 400 bags of sugar sold at $5.90 basis f. o. b. Refinery. This sugar was shipped by rail.

These parties, in remitting, deducted $67.06. We called this to their attention, and they came back and stated that the deduction was in error to the extent of $33.53, as they had deducted twice for the difference between the railroad shipments and barge shipments. *They still insist, however, that they are entitled to rail shipments at the barge rate, which you, of course, know is not correct, as since the formation of the Sugar Institute,* no such terms as these are in force. Following is a copy of their letter of May 1st:

"We have your letter of April 26th and notice that we deducted the difference in freight twice from the invoice, and after looking at our invoice, we find that this is true, and inclose to you herewith our check for $33.53, which is the difference we should have deducted on account of the difference between railway shipment and barge shipment.

"Our buyer states that he bought this sugar at barge rate, and says that W. H. Edgar & Son representative authorized the deduction for the difference in the rates. So if you will refer the matter to them we feel sure that they will advise you the same way.

"Yours very truly,

"OAKLEY ECONOMY STORES CO.,

"Per (Signed) J. L. THOMPSON, *Secretary.*"

In the above *you will note that they refer us to you for the clarification of this matter, and as I am sure that your understanding of the matter is the same as ours*, I would appreciate if you would write the Oakley Economy Stores Co., Attention Mr. J. L. Thompson, Secretary, with a copy to us, explaining that his position is incorrect, so that he will remit to us the $33.53 which he deducted in error.

Thanking you for your attention, I am,

Very truly yours,

J. MOOG, *Senior Vice President.*

3970 *Government Exhibit 457–M*

[Telegram]

MAY 4, 1928.

GODCHAUX SUGARS, INC.,

The Masonic Temple Bldg., New Orleans, La.:

Philadelphia refiner protesting against your terms seven days after arrival as authorized by me over telephone Stop. Did I go too far in hasty ruling Stop. Would it be a fair basis to say that all sugars sold on lake and rail application should be seven days after arrival while all shipments by barge on which customer gets advantage still five and one-half below should be on fourteen days shipment as heretofore.

THE SUGAR INSTITUTE.

3971 *Government Exhibit 457–N*

[Telegram]

NEW ORLEANS, LA., *May 4, 1928—12:57 p. m.*

Judge SIDNEY BALLOU,

Executive Secretary The Sugar Institute, Inc.,

129 Front St., New York, N. Y.:

Does not today's previous message fully answer question barge terms Henderson Refinery concur views expressed therein as next Institute meeting tenth, suggest any difference opinion be discussed there, as while we cannot see but what Philadelphia is helped rather than injured by reducing barge-rail differential from ten to five decimal seven cents, yet we not adamant this question and want cooperative for general good industry Stop. In meantime, suggest call Philadelphia's attention to small amount barge sugar shipped Illinois, Wisconsin so far this year, which to us clearly shows buyers

even with ten cents barge advantage not interested barge movement Stop. This, our experience shows, will become increasingly so with summer demand as barge movements very indefinite as to delivery time.

J. Moog.

3972 *Government Exhibit 457–O*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., May 4, 1928.

JACOB MOOG, Esq.,
Godchaux Sugars, Inc.,
New Orleans, La.

MY DEAR MR. MOOG: We received a telegram from the Institute yesterday afternoon, reading as follows:

"Following received from Great Western Sugar Company through Domestic Sugar Bureau stop. Effective on and after May third we will apply on unexpired contracts the standard Lake and Rail prepaid rates on direct shipments including those in transit to the trade, also on diversions from transit consignments, also on deliveries from team track stop. On deliveries from warehouse stocks the All-Rail rates will be applied stop. These instructions apply to all points Illinois, Wisconsin, where Lake and Rail rates will govern unquote. Following above announcement C. and H. notifies that it will follow in same terms stop. *If you decide to meet this competition it is understood that payment terms seven days after arrival may also be applied on differential as well as rail shipments.*"

We replied to this wire this morning, from which telegram we quote as follows:

"Note action C. and H. and Great Western regarding differential Lake and Rail rate on direct shipments. We are not much interested in Lake and Rail rate but exactly same condition exists in Barge territory that we have been fighting for. It seems to me we should have immediate relief in the other states similar to Alabama."

Undoubtedly all Eastern Refiners will be compelled to follow, if they expect to do any business in those sections affected by the Lake and Rail rate. However, we are not so much interested in the Lake and Rail rate, as we are in the Barge territory, which situation was covered by our letter of April 18th, as well as the argument of our Mr. Harris on April 26th. We are accorded partial relief in Alabama, but inasmuch as the Lake and Rail differential rate is effective immediately, we expect to be accorded immediate relief in all territory where differential rates apply.

With personal regards, I am,

Yours very truly,

W. S. PARDONNER,
President.

(Godchaux files.)

3973 *Government Exhibit 457–P*

[Telegram]

NEW YORK, N. Y., *May 4, 1928—8:56 p. m.*

WM. S. PARDONNER,
Savannah Sugar Refg. Corpn.,
Savannah Bk. & Tr. Bld., Savannah, Ga.:

Answering the latter part of your telegram today, it is impossible that exactly the same conditions prevail in Illinois as in States to which you refer, as question in every case depends upon the volume of sugar available at the differential rate and the loss to the industry as a whole if absorption is made Stop. You will note that breaking down of rate structure forced by domestic beet followed by C. and H., is confined to States of Illinois, Wisconsin and Minnesota Stop. It would be just as fair for me to state that situation in Alabama was exactly the same as Ohio, Indiana, and Michigan, *where all-rail basis is still being maintained in accordance with code in spite of differential route shipments available now to Atlantic as well as New Orleans refiners* Stop. The situation in each section of the country must be judged on its own merits and hasty generalizations avoided.

SUGAR INSTITUTE.

(Savannah files.)

3974 *Government Exhibit 457–Q*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 4, 1928.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: We are extremely anxious to get your sales by states by months for the first three months of 1928. We need this information in order to complete a statistical picture of the sugar which is being moved by differential routes into the Middle Western Territory. *We are, as you know, endeavoring to forestall further breakdown to differential rate applications in this territory.* In order to do this it is necessary for us to know the proportion of the total amount of sugar delivered in these states which went by differential route. We have the information on the differential shipments but have not got the total sugars delivered.

We would, therefore, be very grateful to you if you could give us this information at the earliest possible moment.

Very truly yours,

THE SUGAR INSTITUTE, INC.,

Office Manager.

ETF/C.

3975 *Government Exhibit 457–R*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 21, 1928.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South LaSalle St.,
Chicago, Ill.

MY DEAR MR. DOUGLAS: I should like, if possible, to get copies of all the forms of sales contracts used by the beet sugar companies or at least those of the principal companies.

I want these particularly in connection with the study of whether it is possible to *change the present system of selling sugar from the seaboard basis to a delivered price.*

At our recent luncheon the statement was made that beet sugar was sold on a delivered price. The only beet contract I have is that of the *Amalgamated Sugar* Company which sells "f. o. b. seaboard plus Seller's prepaid basing rate on date of shipment, for delivery at * * *." On the back of the same contract is a clause reading "sugar is sold f. o b. cars, factory, freight allowed, or if delivered from warehouse, f. o. b. warehouse—no allowance for freight."

I do *not think that this is the same thing as selling sugar on a delivered basis* and I should like to get contracts of other companies to see what their practice is.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

3976 *Government Exhibit 457–S*

[Copy]

MAY 23, 1928.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Thank you for various telegrams received. Effective immediately we have gone to barge rate in Tennessee East of Jackson, all of Kentucky, Indiana South of Terre Haute, Cincinnati only in Ohio. This for new business direct shipment only same terms as have already existed viz two percent seven days. Do not understand Pike's statement regarding Indianapolis as damaged sugar could hardly be sold for July forward shipment. Of course, if Moog delivers ex consignment on barge rate we will have to do likewise. Am going to telephone both him and Foster after which will telephone you.

PARDONNER.

(Institute files.)

3977 *Government Exhibit 457–T*

[Telegram]

PHILADELPHIA, PA., *May 24, 1928—5:31 p. m.*

SAVANNAH SUGAR RFG. CORPN.,
Savannah, Ga.:

For your information *at the insistent request Judge Ballou* we have this afternoon made following announcement: Quote Referring to our announcement today regarding freight-rate application in Kentucky, Ohio, Indiana, Illinois, Michigan, Wisconsin, and Minnesota, this announcement temporarily *withdrawn* until further notice Unquote Stop. There is to be *special meeting Executive Committee of Institute to discuss this matter tomorrow.*

THE W. J. MCCAHAN S. R. AND M. CO.

(Savannah files.)

3978 *Government Exhibit 457–U*

[Telegram]

NEW YORK, N. Y., *May 25, 1928—3:22 p. m.*

W. S. PARDONNER,
Savannah, Ga., Sugar Rg. Corpn.,
Savannah, Ga.:

Many, many thanks for your telegrams Stop Hope you will be able send encouraging news regarding Herb Harris as feel quite worried Stop. *Meeting today prevailed upon Pennsylvania and McCahan to continue indefinitely the withdrawal of barge rate application western territory* Stop. Personally feel very *very disappointed but hope matter can be brought up again and decided in our favor before* any renewed activity refined Stop. Thanks for your interest.

LOUIS V. PLACÉ, JR.

(Savannah files.)

3979 *Government Exhibit 457–V*

[Telegram]

NEW ORLEANS, LA., *May 25, 1928—1:40 p. m.*

Judge SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Hershey Mobile advises that Porto Rican American sugars are being offered *Pensacola, Florida,* basis *twenty-one one-half cent rate, whereas prevailing rate water shipment twenty-six cents, water and rail twenty-seven cents* Stop. *Can Porto Rican be prevailed on to sell on established rates, as if not Hershey will undoubtedly meet which will compel all other refiners do likewise. Appreciate wired reply.*

J. MOOG.

(American files.)

3980 *Government Exhibit 457–W*

RUSSELL C. ENGLISH,
MOBILE, ALA., *May 26th, 1928.*

Mr. J. MOOG,
%Godchaux's Sugars, Inc., New Orleans, Louisiana.

MY DEAR MR. MOOG: *It is my understanding that it has been a recent decision at the Sugar Institute, Incorporated, that all refiners will ship rail billing barge rates into the States of Tennessee, Kentucky, and Indiana, South of Terrehaute.* On L. C. L. deliveries made from spot stocks or consignments, the all-rail rate will apply On carlot deliveries made from spot stocks, the barge rate will apply.

Please confirm this because we have had some confusing reports.

Thanking you kindly, Believe Me, with the best of wishes,

Yours very sincerely,

RUSSELL C. ENGLISH,
RUSSELL.

(Godchaux files.)

3981 *Government Exhibit 457–X*

MAY 28, 1928.

Mr. RUSSELL C. ENGLISH,
Mobile, Alabama.

DEAR MR. ENGLISH: *Replying to your letter of May 26th,* in reference to rail shipment at the barge rate, *as the situation now stands, it is as follows:*

Alabama.—Direct refinery rail shipment at barge rate. Direct refinery barge shipment, or diversions from the barge in transit, at the barge rate, with rail terms.

All spot stock deliveries at rail rate and terms.

Tennessee, Kentucky, Indiana, South of Terre Haute.—Direct refinery rail shipment at barge rate. Direct refinery barge shipment, or diversions from the barge in transit, at the barge rate, with rail terms.

Spot stock withdrawals, in less than carload amounts, rail rate and terms; in carload amounts barge rate and rail terms.

I trust this will clarify the situation for you.

Very truly yours,

J. MOOG,
Senior Vice President.

(Godchaux files.)

3982 *Government Exhibit 457–Y*

GODCHAUX SUGARS, INC.,
New Orleans, May 11, 1928.

Mr. EWING CAIN,
Hershey Corporation,
Hershey, Pa.

DEAR MR. CAIN: Confirming our conversation when you were in the office today, regarding Tampa rate, as advised, we—and I understand all other refiners doing business in Tampa—are using a rate of 32.4 on all deliveries, whether from docks or warehouse.

Will appreciate very much your investigating this situation and *advising us whether or not you will continue to use the 27.4 rate.*

With kind regards,

Yours very truly,

J. A. BERTONIERE.

3983 *Government Exhibit 457–Z*

GODCHAUX SUGARS, INC.,
New Orleans, May 14, 1928.

Mr. EWING CAIN,
Hershey, Pa.

DEAR MR. CAIN: Certainly glad that you and Mr. Moog were able to get together for a meeting yesterday.

As regards the Tampa situation, very pleased to learn from Mr. Moog *that you decided to return to the prepaid basis of 32.4.*

With kind regards,

Yours very truly,

J. A. BERTONIERE.

3984 *Government Exhibit 457–A1*

JUNE 5, 1928.

DEAR MR. PARDONNER: Permit me to thank you most sincerely for your courtesies to me in connection with our recent correspondence and wires regarding the barge situation and regarding the last illness of Mr. Herbert Harris.

We have appreciated very greatly your sympathetic and understanding attitude toward our position in the matter of the barge competition. *It would appear that the Institute now recognizes that, with the increase in the capitalization of the barge line, it will be necessary for Eastern Refiners to meet the competition. I trust there will be no further attempt to block our action on this matter.*

It was a great pleasure last week to meet young Mr. Oxnard here in Philadelphia. He certainly is a dandy chap. I am looking forward to the opportunity of seeing you next week and of meeting Mr. Thomas Oxnard.

With renewed thanks to you, Mr. Pardonner, and with best wishes, I am,

Yours very truly,

LOUIS V. PLACÉ, JR.

Mr. W. S. PARDONNER,
Savannah Sugar Ref. Corp., Savannah, Ga.

(McCahan files.)

3985 *Government Exhibit 457–B1*

RUSSELL C. ENGLISH,
Mobile, Ala., May 29th, 1928.

Mr. J. MOOG,
% Godchaux Sugars, Inc.,
New Orleans, Louisiana.

MY DEAR MR. MOOG: Want to acknowledge receipt of and thank you for your favor of the 28th instant, outlining the terms of rail shipments with barge rates to Alabama, Tennessee, Kentucky, and certain Indiana points.

Have you as yet heard anything from Judge Ballou regarding the Pensacola situation? Kindly keep us posted as to developments in this case, because, as indicated to you in our letter of recent date, we do not care to stand by and see the other people get the business by assessing *a rate that we, too, can work on and make a legitimate profit. If these people can be brought in line, we, of course, would much prefer doing it rather than meeting their competition.*

Thanking you, Believe Me, with the best of wishes,

Yours very truly,

RUSSELL C. ENGLISH.

(Godchaux files.)

3986 *Government Exhibit 457–C1*

[Copy of outgoing telegram]

JUNE 11, 1928.

J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.:

Are you applying barge or rail rate on rail shipments to Shelbyville, Indiana? *Does your Atlas show that this is north or south of the line drawn through Terre Haute?*

THE SUGAR INSTITUTE.

(Institute files.)

3987 *Government Exhibit 457–D1*

[Telegram]

JUNE 27, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.:

Reference Twin Cities territory refer our advice, May eighth, quoting Great Western Beet. Now learn that this was followed June fifth by C. and H. in same territory and at sometime by Western. American meets this today as per Notice Nineteen. This does not affect Chicago territory Stop. Understand your further statement correct for entire state of Tennessee, all of Kentucky, Indiana, Terre Haute South as per your wire May twenty-third, repeated by us May twenty-fourth Stop. These terms as applied to this exact territory were generally followed Stop. Have never been advised and have never understood that these applied elsewhere and have repeatedly advised enquirers that *in Chicago territory carload deliveries exconsignment were taking all-rail basis.*

THE SUGAR INSTITUTE.

(Institute files.)

3988 *Government Exhibit 457–E1*

[Telegram]

NEW ORLEANS, LA., *June 27, 1928—12: 48 P. M.*

Judge SIDNEY BALLOU,
The Sugar Institute, Inc., 129 Front St., New York, N. Y.:

Reference western cane application lake rail rates Twin Cities territory, our understanding they allow *lake rail rate's* spot stock withdrawals in quantities three hundred sixty bags or more. Please advise Stop. Question has been raised relative our allowing lake rail rates on carload withdrawals from spot stocks in all territory where lake rail rates prevail. I feel we have always
3989 clearly defined our position this matter to Institute, namely, at all points where we carry consigned stocks and where arbitrary rates, such as take rail for direct rail shipment or barge rate for rail shipment, were *instituted we privileged divert in transit, or have carloads withdrawn these rates Stop. Less than carloads remaining rail rate Stop. Please advise whether in your opinion above statement correct.*

J. MOOG.

(Institute files.)

3990 *Government Exhibit 457–F1*

[Telegram]

NEW ORLEANS, LA., *June 27, 1928.*

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

Cancel that portion day letter reference: Lake and rail rate carload deliveries from spot stock Chicago, Milwaukee, et cetera.

GODCHAUX SUGARS CO.

3:40 p. m.
(Institute files.)

3991 *Government Exhibit 457–G1*

Barge Rates apply on c/l quantities, both direct shipments and exconsignments, but not less c/l lots. In Kentucky, Tennessee—(Cincinnati), and Indiana—(South of Terre Haute), and including Indianapolis and Ft. Wayne.

JULY 9TH, *1928.*
(Institute files.)

3992 *Government Exhibit 457–H1*

[Copied from handwriting]

JULY 3RD, 28.

JUDGE: Had a long talk with Mr. Bass regarding Pensacola rate matter. He very much resented the public announcement of Godchaux, placing the *responsibility of breaking the rate down upon him. He seemed to feel that his general sales practices were very ethical.* I later talked to White, of American & with his permission, addressed the attached letter to Mr. Bass.

FRED

3993 *Government Exhibit 457–I1*

[Copy]

JULY 2, 1928.

Mr. JOHN BASS,
96 Wall St., New York City.

DEAR MR. BASS: Pursuant to our conversation this morning relative to the rate application to Pensacola, will say that I have had further discussion on the subject with Mr. White, Sales Manager of the American Sugar Refining Company.

Mr. White assures me that they have not sold any sugars at Baltimore for delivery to this point; neither do they intend doing so, as they look upon Pensacola as belonging in the New Orleans district and the rate applying to that point insofar as they are concerned is the New Orleans rate of *26¢*. It is quite true that special transportation rates have been quoted by steamer route from Baltimore into this

territory, which is but another instance of a differential that might be used, but which in this instance has not been and apparently will not be used.

Under this assurance it would seem to be the proper and constructive thing to restore the New Orleans rate.

Awaiting your further advices in the matter, I am,

Sincerely,

FRED G. TAYLOR,
Ass't Executive Secretary.
SUGAR INSTITUTE, INC.

3994 *Government Exhibit 457–J1*

[Copy]

L. W. & P. ARMSTRONG,
96 Wall Street, New York, July 3, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att. Mr. Fred G. Taylor, Asst. Executive Secretary.)

GENTLEMEN: We are in receipt of your letter dated July 2nd in connection with the *Pensacola rates* and wish to thank you very much for your kind information.

You may rest assured that *we are only too glad to cancel our instructions and sell in Pensacola on the New Orleans rate*, but as you will see from telegram which we received from our representative in Mobile, copy of which we forwarded to you, that sugars are still being quoted from the East to Pensacola.

We do not see how the American Sugar Refinery Company in Baltimore can prevent a Pensacola buyer from purchasing sugars in Baltimore and shipping same themselves at the regular water rate of 21¢. Even if the Baltimore refinery does not sell any sugars for delivery to Pensacola, we do not see how they can prevent a Baltimore buyer purchasing the sugars locally and then shipping same to Pensacola. He does not even have to divulge the destination, and, as a matter of fact, can truck the sugars himself to the boat line, as the refinery will give him a truckage allowance in said instance.

On the other hand, we cannot see how we can prevent a man in Baltimore buying our own sugars and shipping same to Pensacola. The fact remains that sugars are being shipped from Baltimore to Pensacola, which itself is proof enough that our point of view is correct.

We do not see how anybody can stop the application of this rate as long as it exists. However, we are perfectly willing to sell our sugars in Pensacola on the New Orleans rate *if we can get assurances from all the refiners and importers that they will sell the sugars on the same basis*, and, furthermore, if we find out that no sugars are moving from Baltimore to Pensacola by the Bull line, reserving, however, to us the right to quote again on the Baltimore rate as soon as we find

out that sugars are moving again from Baltimore to Pensacola by boat.

If you and the refiners can give us these assurances, we will send proper instructions to our Mobile agents. In the meantime we will keep this matter in status quo.

3995 Needless to assure you that we will continue to cooperate with other refiners and importers to the fullest extent and give them all the satisfaction they desire, provided that we are not being *discriminated against*, as we would be in case we applied the New Orleans rate in Pensacola and then have the Pensacola buyers go to Baltimore for their purchases.

Yours very truly,

(Sgd.) L. W. ARMSTRONG.

(Henderson files.)

3996 *Government Exhibit 457–K1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 5, 1928.

Mr. WILLIAM HENDERSON,
Henderson Sugar Refinery, 749 South Peters Street,
New Orleans, La.

DEAR MR. HENDERSON: Herewith copy of letter we have just received from L. W. and P. Armstrong regarding the Baltimore freight application to Pensacola, which is self-explanatory.

We have the *assurance of the American Sugar Refining Company that they will maintain the New Orleans rate for a sufficient length of time to make a clearance of opinion regarding the matter.*

The same letter is being addressed to Godchaux Sugars, Incorporated.

We would appreciate your telegraphic advices.

Very truly,

SUGAR INSTITUTE, INC.
FRED G. TAYLOR,
Ass't Executive Secretary.

(Henderson files.)

3997 *Government Exhibit 457–L1*

KENNETH L. FOX & CO.,
CHICAGO, *July 5, 1928.*

W. J. McCAHAN SUGAR REF. & MOL. CO.,
Philadelphia, Pennsylvania.

GENTLEMEN: We beg to acknowledge receipt of your letter of June 28th together with enclosed copy of letter addressed to you by Mr. Harold G. Williams, of New York, regarding cargo service which he

is offering from Philadelphia and New York to west lake ports. Referring to the first paragraph of your letter, we note that you state that at present no refinery or broker is permitted to solicit orders to make up a cargo of refined sugar for shipment in *privately chartered boat.* This is news to us as we have not received any announcement to this effect.

We are wondering if such an announcement has ever been made public as we hear of cargoes being solicited daily by other brokers in this market. Please advise.

Yours very truly,

KENNETH L. FOX & CO.,
By K. L. FOX.

(McCahan files.)

3998 *Government Exhibit 457–M1*

JULY 10, 1928.

Messrs. KENNETH L. FOX & COMPANY,
326 W. Madison Street, Chicago, Ill.

DEAR SIRS: We are in receipt of your favour of the 5th instant in regard to shipments by privately chartered vessels.

The *Institute has ruled* that *for a buyer or buyers to receive the benefit of "direct shipment"* freight rates (not only by privately chartered vessels but even in the case of "pool cars" by "all rail" or differential routes), *the entire shipment must consist of "direct shipments"* and the Refiner is not permitted to make up with consignment shipments the minimum tonnage required to obtain the said "direct shipment" freight rate.

The *Institute has also declared* that, in the interest of maintaining the established "basing rates", Refiners and their representatives *should refrain from actively soliciting and promoting shipments by other than the established routes which quote openly announced freight tariffs* on a regular schedule. The Institute recognizes, however, that Refiners cannot control the initiative of brokers in soliciting direct shipment instructions by privately chartered vessels. In such cases Refiners should limit themselves to delivering the sugar on an f. o. b. basis in accordance with instructions received.

We trust that the above has given you a clear understanding of the situation regarding which you inquired. If you have any further questions, do not hesitate to call upon us.

Yours sincerely,

LOUIS V. PLACÉ, JR.
HB

(McCahan files.)

3999 *Government Exhibit 457–N1*

SAVANNAH, GA., *July 30, 1928.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: I am enclosing copy of letter received from L. A. Parker, our broker in Evansville, Ind. The H. W. Bracy Company to which he refers is located in Marion and Herrin, Ill.

You will recall that we *agreed not to meet the barge rate on rail shipments to these two points.* From this letter it rather seems that *Colonial is doing just what we agreed not to do.*

I shall appreciate it very much if you will investigate this situation.

Very truly yours,

Sales Manager.

TO: McC.
(Savannah files.)

4000 *Government Exhibit 457–O1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 2, 1928.

Mr. WM. HENDERSON,
Henderson Sugar Refinery,
749 South Peters Street, New Orleans, La.

DEAR MR. HENDERSON: Please accept our apologies for having so long neglected your letter of July 20th, in which you refer to the practices of the Hershey Corporation, who were alleged to have delivered sugar to the City Wholesale Grocery at Birmingham in less than carload lot, at the barge rate.

We have taken this matter up with Mr. *Perry*, who said that he would investigate the matter promptly and *if such practice was being followed, would see that it was promptly discontinued, as it was their purpose to adhere to the terms of the Institute in all matters of price and freight application* in all territory.

Very truly yours,

FRED G. TAYLOR,
Assistant Executive Secretary.

(Henderson files.)

4001 *Government Exhibit 457–P1*

(Letterhead of the Willard Sugar Company)

CLEVELAND, *August 6th, 1928.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: As you are doubtless aware, sugar is carried in Cleveland on consignment by practically all of the Eastern refiners.

This sugar, however, is shipped here in various ways, some all rail, some rail and lake at Buffalo, and some all water.

We have been told by representatives of some of the refiners that regardless of the way the sugar is shipped, it must all be billed on the all-rail rate of freight. In other words, on this sugar the refiners can make a profit on the freight as well as on the manufacture of the sugar if they have shipped it in any way besides all rail.

We are further told by these representatives that this ruling is made by the Sugar Institute.

As we are badly confused as to just what part of the refiners' policy is dictated by the Sugar Institute and what part by themselves, we would appreciate a definite reply from you as to whether or not such a ruling is actually made by the Sugar Institute; that is, that all deliveries of sugar from consignment, no matter how shipped, must be billed at the all-rail rate of freight.

Very truly yours,

PERRY F. NARTEN, *President.*

(Institute files.)

4002 *Government Exhibit 457–Q1*

[Copy]

AUGUST 9, 1928.

MR. PERRY F. NARTON,
c/o The Willard Sugar Company,
2000 West 14th St., Cleveland, Ohio.

DEAR MR. NARTON: Replying to your letter of August 6th, in which you refer to the various methods by which sugars are delivered at Cleveland, and inquire as to whether sugars delivered from consignment must be billed at the *all-rail rate* of freight *regardless of the route* by which they may have been shipped, will say that they must be so billed if the rules of the Institute are to be followed.

It may relieve your confusion to state that the efforts of the Institute are directed primarily to the *removal of discrimination between* both the *sellers* and buyers of sugar in as far as it may be

possible to do so. The application of differential freight rates has given rise to much discrimination in the past, due to the fact that some of the refiners selling in a given market, such as Cleveland, have access to differential routes, while other refiners have not. These inequalities in distribution facilities have resulted in afflictions to both buyers and sellers of sugar. Therefore, with view to equalizing the conditions that have given rise to such difficulties, the Institute in its Code of Ethics "condemns as discriminatory and insofar as this industry is concerned, as unbusinesslike, uneconomic, and unsound: (c) The use of differential rates on consignments, or otherwise than on direct shipments over differential routes at customers' request."

In your letter you make reference to "a profit on the freight", which in its application to this situation is a misnomer, as what appears to be a profit on freight is in practical reality:

(1) A charge for the added service of holding sugars at consignment point for immediate delivery, the nearest approach to which in other terms of service would be delayed all-rail delivery at all-rail rate.

4003 (2) A factor of equalization in the general scheme or process of sugar distribution. In other instances the seller is on the reverse side of the question and is called upon to absorb the difference in freight expense between the higher rate at which he must ship and the lower rate at which he must sell to meet certain competition.

The refining industry is not an exception in this practice. The very existence of some industries is dependent upon the privileges or equalizing advantages of this practice.

We are enclosing herewith a copy of our Code of Ethics which was submitted to the United States Department of Justice before its adoption and which we believe is constructive in every principle announced.

Trusting we have sufficiently replied to your inquiry, we are,

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Ass't Executive Secretary.

(Handwritten notation:) Also add the interest on money involved, risk of the market, and other disadvantages incident to the slower transportation by the differential route. If the customer cares to assume these he is at liberty to order his sugar f. o. b. New York and to have it shipped to him at the lower rate of freight.

(Institute files.)

4004 *Government Exhibit 457–R1*

[Telegram]

AUGUST 10, 1928.

DOMESTIC SUGAR BUREAU,
120 South La Salle Street, Chicago, Illinois:

The question of *lake and rail rate application* on less carload deliveries not fully clarified by Eastern refiners Stop. *We are attempting to confine it to Chicago and Milwaukee.* Will advise early result our effort.

THE SUGAR INSTITUTE.

(Institute files.)

4005 *Government Exhibit 457–S1*

[Telegram]

AUGUST 10, 1928.

Address as per attached list:

Referring to less carload deliveries ex-consignment at lake and rail rates now apparently spreading throughout the Northwest, we remind Members of Institute that competitive condition originally leading to this situation was practice of California refiners allowing team-track deliveries this basis Stop. Our advices indicate this practice was confined to Chicago and Milwaukee and it seems undesirable to meet it by extensive breaking down of freight applications to less carload throughout a wide territory Stop. Would appreciate your opinion desirability and possibility of *confining practice to Milwaukee and Chicago.* Immediate reply desired.

THE SUGAR INSTITUTE, INC.

(Institute files.)

4006 *Government Exhibit 457–T1*

[Telegram]

SAVANNAH, GA., *Aug. 11, 1928—9:04 a.*

Judge SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

While we are not selling sugar in the territory affected by team-track deliveries, we feel that as a general principle it would be better to confine less than carload deliveries ex consignment at lake and rail rate to as few points as possible.

PARDONNER.

9:11 a. m.
(Institute files.)

4007 *Government Exhibit 457–U1*

[Telegram]

NEW ORLEANS, LA., *Aug. 11, 1928—11:48 a. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Agree thoroughly extensive breaking down freight applications less carloads very unfortunate; urge confining practice minimum territory.

WM. HENDERSON.

(Institute files.)

4008 *Government Exhibit 457–V1*

[Telegram]

NEW ORLEANS, LA., *Aug. 11—10 a. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., N. Y.:

Answering night letter we willing and anxious confine deliveries less than carload lots at lake-rail rate to Chicago, Milwaukee only Stop. We made change only in view others delivering otherwise Stop. *We will change this policy whenever assured others likely do same.*

GODCHAUX SUGARS, INC.
CHARLES GODCHAUX.

(Institute files.)

4009 *Government Exhibit 457–W1*

[Telegram]

CHICAGO, ILLS., *Aug. 17, 1928—12:12 p. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Your night letter sixteenth reference Federal following National's announcement *lake and rail application, etc.* Stop. Does this have reference to announcement you transmitted to us August eighth Stop. Does McCahan's announcement supplement your information to us July twenty-seventh? Stop. Also is your reference Pennsylvania's announcement July twenty-seventh the one transmitted to us August sixth (first)? Please advise.

DOMESTIC SUGAR BUREAU.

(Handwritten notation:)
Answered by telephone, 8/17/28.
(Institute files.)

4010 *Government Exhibit 457–X1*

[Telegram]

CHICAGO, ILLS., *Aug. 17, 1928—3:50 p. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Merely as correction in our day letter inquiry to you third from last word should read first not sixth.

DOMESTIC SUGAR BUREAU.

(Institute files.)

4011 *Government Exhibit 457–Y1*

SEPTEMBER 12, 1928.

Mr. J. A. MONET,
Baltimore, Maryland.

DEAR MR. MONET: We are in receipt of your communication of the 11th and note the remarks of the *use of the 40¢ rate to Lakeland, Florida.*

In regard to your request that we get in touch with Savannah and ascertain whether or not they are using this rate on deliveries to that point, might we not suggest that you have your Mr. Eckhardt get in touch with the Traffic Manager of the Savannah people and secure this information, as you know we have nobody *here who can give it to us, and rather than write to Savannah we thought the best plan would be the one suggested above.*

We return to you herewith the letter of the Tampa Brokerage Company which you sent us.

Yours very truly,

General Sales Department.

HGH/AB.
(American files.)

4012 *Government Exhibit 457–Z1*

SEPTEMBER 20, 1928.

Mr. M. B. MURPHY,
New Orleans, Louisiana.

DEAR MR. MURPHY: You will note from perusing the new rates that recently became effective in the Southeast that the rates quoted from Fort Wentworth, Georgia, on shipments by *The Savannah Sugar Refining Corporation* are higher than the rates named for shipment out of New Orleans. *In each case where this is true the Savannah Refinery will sell on the Fort Wentworth rate.*

Will you please see that we absorb to this rate, rather than down to the Savannah rate? This will mean, of course, less absorption on our part.

Sincerely yours,

General Sales Manager.

CHW.JR/EJ.
CC to Mr. P. M. Ripley.
(American files.)

4013 *Government Exhibit 457–A2*

L. A. PARKER & COMPANY,
Evansville, Ind., September 24, 1928.

COLONIAL SUGARS COMPANY,
New Orleans, La.

GENTLEMEN; We note that there are only 200 bags left on contract with Nave Cummins Co., Providence, Ky.

Nave Cummins Company will not take delivery of this contract until they are in need of a straight car and will withdraw 400 bags at one time in order to get the benefit of the barge rate.

If it is your inclination to have them close out the balance of the contract of 200 bags at this time and allow them the regular carload rate, please advise and we believe that we can bring the matter to an immediate conclusion.

Yours very truly,

L. A. PARKER & COMPANY,
By M. LANNERT.

(Colonial files.)

4014 *Government Exhibit 457–B2*

COLONIAL SUGARS COMPANY,
New Orleans, La., September 26, 1928.

Messrs. L. A. PARKER & Co.,
Evansville, Indiana.

GENTLEMEN: We have your letter of September 24th and in reply beg to say that it would be a violation of the Code of Ethics to deliver Nave-Cummins Company 200 bags and allow them the regular carload barge rate.

Kindly advise us when these customers will be in need of a 400-bag car. We are anxious to close their contract out as quickly as possible.

Yours very truly,

COLONIAL SUGARS COMPANY;
General Agent.

CC. Mr. Newman, N. Y. Office.
(Colonial files.)

4015 *Government Exhibit 457–C2*

[Copy]

SEPTEMBER 28, 1928.

Messrs. C. C. WADDILL CO., INC.,
221 Water Street, Norfolk, Va.

DEAR SIRS: Referring to your letters of September 21st & 27th and telephone conversation had with Mr. Stanton today, relative to freight rates applicable to Norfolk, Va., and vicinity, *we understand that the American Sugar Refining Company have not and will not sell f. o. b. their Baltimore Refinery.* Therefore, the possibility of buying on a freight rate less than the established rate is precluded.

We are also informed that the sugar buyers in Norfolk *have formed an association to purchase sugar f. o. b. Baltimore. When this fact was called to the attention of the representatives of the American at the meeting yesterday of Refiners' traffic managers they declared that they would refuse to sell the sugar on an f. o. b. basis.*

We were told yesterday that Hogshire asked American to pay him the same rate that the customers were obliged to pay the Refiner and, in order to allow the Refiner to comply with the rules of the Institute, he (Hogshire) would rebate the difference to the customer. Hogshire was informed that nothing of the kind would be done and if he raised his rates the business would be taken away from him and given to one of the larger recognized steamship companies.

Please treat the information contained in the above paragraph as confidential. We will appreciate your posting us on future developments in the freight situation.

Yours very truly,

R. S. DELACY.

(McCahan files.)

4016 *Government Exhibit 457–D2*

[Letterhead of C. C. Waddill Co., Inc., Norfolk, Va.]

OCTOBER 11, 1928.

W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street, Philadelphia, Pa.
(Attention Mr. W. O. Stanton, Asst. Vice Pres.)

GENTLEMEN: With further reference to rate on sugar from Norfolk to Elizabeth City, N. C., beg to say the writer called on Foote Bros., and Mr. Bell of T. S. Southgate Company after talking to you over the 'phone yesterday, and was advised by them that they were charging the Baltimore rate to Elizabeth City, but were getting very little business from this point.

We know that Toxey and Company of Elizabeth City are using Pennsylvania sugar, and it may be that the Pennsylvania is the one who is breaking the rule.

We are having trouble in *Norfolk* over the rate situation as well as in Elizabeth City and other points. One of the local jobbers told the writer yesterday afternoon that the *Norfolk, Baltimore, and Carolina Line* had given him a *rate of 10.03 from Baltimore to* Norfolk, and that he was going up to Baltimore next week and buy two or three cars of sugar F. O. B. Baltimore, and have it shipped down by the Norfolk, Baltimore, and Carolina Line.

This jobber says that C. D. Kenney and Company are handling their sugar in this way, and that the American cannot refuse to give him the same terms, so we will just have to wait and see what happens.

Yours truly,

C. C. WADDILL CO., INC.,
C. C. WADDILL, *President.*

(McCahan files.)

4017 *Government Exhibit 457–E2*

[Copy]

Memorandum read at meeting of board of Institute 10/11/28

GENTLEMEN: Our reasons for believing that *our situation in the West in regard to freight rates deserves the consideration of the Institute* have been presented to you many times, both in writing and verbally at various meetings. It is therefore unnecessary to go over these reasons again at this time. However, there are a few points that I want to draw to your attention.

When the matter of freight rate competition in western markets was first brought up, we were told that the barge service was so very poor that it would not attract sugar business. I also recall the statement that other commodities were using the barge service to such an extent that sugar would not be able to find a place in the barges. *Based on these reasons our requests to be permitted to meet the barge competition were not favorably considered.*

Later on, shortly after the opening of lake navigation, all refiners immediately contended that it would be impossible for them to compete with Philadelphia unless the rail-and-lake rate from Phil-
4018 adelphia was met. This was immediately done. Figures now show that the rail-lake route has carried to date only approximately 6% of the direct differential shipments into Illinois.

Compared with this, *the barge direct shipments into Illinois have constituted 77% of the total direct differential shipments into this State.* I am using the figures of direct differential shipments rather than total distribution because the direct shipment figures give a true gauge of the preferences of buyers of refined sugar.

On the same basis the transmarine route from New York has carried 34% of all the direct differential shipments into Wisconsin.

Compare these figures with the insignificant shipments over the rail-and-lake route. *As a result of this our business in Illinois shows an average decrease of 54% compared with last year.* Some recent months the decrease has reached even 70%. Our business in Wisconsin shows an average decrease of 34%, while some recent months have reached even 60%.

If these decreases had been caused by any fundamental reasons whereby Philadelphia refiners should be *discriminated against* in the sale of their product in the above territory, the situation would be very different. *However, these decreases have been caused solely by an artificial, arbitrary ruling which does not permit us to absorb freight in the same manner that other refiners are doing throughout the United States.*

4019 In spite of the evidence given by these figures, Philadelphia refiners have not taken any drastic and possibly unwarranted steps without consultation with the members of the Institute, such as other refiners have done in the past. In this connection it would also be in order for me to draw attention to the fact that the advantage of the New Orleans refiners in the above territory by means of a direct water route will probably be overcome some time in the near future by the creation of an all-water St. Lawrence or all-American route from the eastern seaboard. It, therefore, would behoove New Orleans refiners at this time to give careful consideration to the proposal of not *exacting the last drop of blood* from their present advantage of the barge route.

However, recrimination and threats are not a solid foundation for any claim. Instead, I feel that Philadelphia refiners have *need only to appeal to the sense of fairness of the members of the Institute regarding this matter. Let us have a constructive plan to cover the matter of freight applications throughout the country instead of having haphazard compromises covering individual sections of territory.* No plan can be constructive or successful unless it is fair to all. We seek no advantage and again merely appeal to your sense of fairness in putting us on an equal competitive basis in the western markets.

LOUIS V. PLACÉ, JR.

4020 *Government Exhibit 457–F2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 5, 1928.

MR. THOMAS OXNARD,
Savannah Sugar Refining Corp'n.,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

DEAR TOMMIE: I am enclosing for your information a copy of a letter from the H. H. Pike & Company to their Savannah broker. At the time of the rate changes going into effect on August 30th,

the announcements of several of the refiners were rather indefinite; for example, one refiner quoted that he would apply either the Savannah rail or the barge rate, whichever was lower. This led the Hershey people to believe that the few points in Western Georgia, where the barge rate is lower than the Savannah rail rate, would be sold on the barge application. However, since Mr. Perry learned that this is not the practice of the other refiners, they are now applying the Savannah rate.

I am planning on your letting me know a few days in advance before you make your next trip to New York. The new apartment is gradually taking shape, and there are several points of interest which I think you may enjoy.

Cordially yours,

BILL PATTERSON.

(Savannah files.)

4021 *Government Exhibit 457–G2*

[Copy]

OCT. 29TH, 1928.

Messrs. JOHN C. HELMKEN & Co.,
P. O. Box 1034, Savannah, Ga.

GENTLEMEN: *All our competitors now assure us that they are going to sell at all Georgia points on the Savannah rate*, and will not sell at the few Western Georgia points on the New Orleans Barge rate.

We consider this good business, and *we gladly follow suit.*

Very truly yours,

H. H. PIKE & Co., INC.,

K.

C. C./The Sugar Institute, 129 Front St., New York, N. Y.

4022 *Government Exhibit 457–H2*

NOVEMBER 28, 1928.

DEAR MR. TAYLOR: Referring to my letter of the 23rd to your reply of the 26th, and to our conversation in New York yesterday, I enclose copy of my letter of today to Mr. M. E. Rionda. This is for your confidential personal use only.

I wish you had been at the *meeting yesterday.* You certainly would have been amused.

At the meeting Judge Ballou did mention in passing that there had been reports of irregularities on the part of the carriers of recent Federal shipments to Chicago. However, by his silence, he apparently whitewashed the Federal of any responsibility in the matter. As explained to you yesterday, if Judge Ballou has followed the "leads" given to him in my correspondence on this subject, he cannot

help but have arrived at the conclusion that *Federal did more than take a passive attitude in this Chicago deal.*

I have had no reason to change my views.

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc., New York, N. Y.
(McCahan files.)

4023 *Government Exhibit 457–I2*

NOVEMBER 28, 1928.

DEAR MANOLO: If the results were not so vitally adverse to the interests of McCahan, I could be very much amused at the turn taken by the Executive Committee meeting of the Institute yesterday.

Mr. Spreckels proved himself to be an accomplished tactician. *Instead of allowing other refiners to haul the Federal "on the carpet" for their important and flagrant violations* of the spirit (though not the letter) of the Institute Code of Ethics, Mr. *Spreckels took the initiative and loudly accused the other refiners of petty violations.* I agree with Mr. Spreckels that these minor violations are, through their accumulation, becoming exceedingly important and are crying for correction. However, neither Judge Ballou nor the other members of the Executive Committee should have allowed Mr. Spreckels to throw up a smoke screen in this manner.

It was exactly as though a man, on trial for the murder of a human being, had suddenly arisen to accuse the members of the jury of shooting rabbits. What would be thought if the judge permitted the trial to become a free-for-all discussion of the morals of hunting rabbits, during the progress of which the prisoner were permitted to walk out of the court without answering the charges of flagrant murder of a human being? Under these conditions we might expect the number of murders to increase.

Mr. Spreckels maneuvered other refiners, including even poor innocent McCahan, into a weak apologetic defensive attitude. I had, as explained to you, given Judge Ballou all the facts of the case against the Federal and certainly I could not, in my subordinate capacity, set myself up as sole prosecuting attorney against the Federal.

Now the point is that the Federal has definitely moved large quantities of sugar by deliberately playing circles around the Code of Ethics. In Chicago alone the Federal has sold hundreds of thousands of bags this year by engineering and deliberately fostering secret freight concessions in violation of the spirit of the Code of Ethics. During this period McCahan has lost 200,000 bags
4024 of business in this same territory because we have hesitated to take the absolutely *ethical* (both legally and morally) step

of meeting the New Orleans barge rate. We have made this sacrifice in vain, merely to see the Federal profit by it in an underhanded manner. We have been the victims of double-dealing not only in this instance but in many others. In no case has the guilty party been made to suffer for his misdeeds.

The only way to fight fire is with fire. We cannot play "according to Hoyle" if the others are going to use marked cards. We are bound to lose! If, in addition to other handicaps with which you are already familiar, we are to play a "straight" game (not only legally but morally) while the others are not, the obvious result is inevitable. This result should be accepted only after mature consideration, at this time, of the consequences of such a decision.

Yours sincerely,

LOUIS V. PLACÉ, JR.
H. B.

Mr. MANUEL E. RIONDA,
106 Wall Street, New York, N. Y.
(McCahan files.)

4024a *Government Exhibit 457-J2*

[Copy of telegram]

SUGAR LAND, TEXAS, *Dec. 17, 1928.*

Judge SIDNEY BALLOU,
C/o The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Effective today in order *to meet competition* Imperial will sell sugar Texarkana, Arkansas, Texas only on basis *barge rate* and make *delivery by rail.*

W. T. ELDRIDGE.

(Imperial files.)

4024b *Government Exhibit 457-K2*

[Telegram]

NEW YORK, N. Y., *Dec. 17th, 1928—1:16 P. M.*

W. T. ELDRIDGE,
Sugarland, Texas:

Please *advise what competition necessitates barge application* Texarkana. *Is it not possible correct situation* instead of meeting it by break-down?

SUGAR INSTITUTE, INC.

(Imperial files.)

4024e *Government Exhibit 457–L2*

[Copy of telegram]

SUGAR LAND, TEXAS, *Dec. 17, 1928.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Based on last year's business Imperial have lost at Texarkana approximately seventeen thousand bags so far this year account barge application and customers moving their sugars via barge Stop. Business now going to people who have not heretofore enjoyed it and we can control Texarkana business. Imperial now losing by meeting barge rate and absorbing one-half cent per bag Stop. Don't see how can correct situation and protect our interest in any other manner.

W. T. ELDRIDGE.

(Imperial files.)

4024d *Government Exhibit 457–M2*

NEW YORK, N. Y., *Dec. 18th, 1928—1:04 p. m.*

W. T. ELDRIDGE,
Sugarland, Texas:

For your information, have received following from Godchaux quote referring Imperial announcement rail shipment barge rate Texarkana for information of Institute desire state our records show there have been no sugars shipped by our company at customers request to Texarkana by barge. Am bringing this to your special attention because move made by Imperial may cause complete breaking down rate structure Texas, Arkansas, Louisiana unquote.

THE SUGAR INSTITUTE, INC.

(Imperial files.)

4024e *Government Exhibit 457–N2*

[Telegram]

NEW YORK, N. Y., *Dec. 20th, 1928.*

W. T. ELDRIDGE,
Sugarland, Texas:

Notice number five *McCahan Godchaux and Colonial* have announced freight application changed in Midwestern territory substantially as announced by American and National yesterday Stop. *American announces to meet competition effective immediately on new business and existing contracts they will apply barge rate at Texarkana.*

THE SUGAR INSTITUTE, INC.

(Imperial files.)

4024f *Government Exhibit 457–O2*

[Copy of telegram]

SUGAR LAND, *Dec. 20th, 1928.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Wire eighteenth did not have Godchaux or any other refinery specifically in mind in applying barge rate Texarkana; nevertheless were losing the business, and this only thing could do to protect our interests Stop. Do not see how this will cause complete breaking down rate structure in any other state, as we are only going carry this basis Texarkana proper.

W. T. ELDRIDGE.

(Imperial files.)

4025 *Government Exhibit 457–P2*

THE SUGAR INSTITUE, INC.,
129 Front Street, New York, Dec. 24, 1928.

Mr. WILLIAM T. ELDRIDGE,
Imperial Sugar Company,
Sugarland, Texas.

DEAR MR. ELDRIDGE: Pursuant to our exchange of telegrams regarding the Texarkana situation, will say that *we look with some alarm upon this method of adjusting such matters.*

Our various attempts to make uniform freight applications and trade practices have resulted in certain inequalities which are inevitable, and any attempt to hand pick the territory with a view to relieving such inequalities is introducing a hazard which may be as far-reaching in its effect as Godchaux suggests.

Very truly yours,

SINDEY BALLOU,
Executive Secretary.

G.

(Imperial files.)

4026 *Government Exhibit 457–Q2*

AUGUST 30, 1930.

BARGE SHIPMENTS TO TEXARKANA

G. D. ULRICH.

You will recall that some five or six months ago, *at the request of the American Sugar Refining Corpn., we gave up privilege of shipping on barge rates to Texarkana*, Ark.-Tex., this with a view of assisting and clarifying the situation as exists in east Texas with regard to transit manipulations to this point.

The attached letter from Mr. Overton is self-explanatory, and will appreciate your reactions thereto.

W. M. HALL.

(Imperial files.)

4027 *Government Exhibit 457–R2*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Georgia, December 18, 1928.

H. H. PIKE & COMPANY, INC.,
91 Wall Street, New York, N. Y.

Attention Mr. H. H. Pike, Jr.

GENTLEMEN: In a conversation between Mr. John Helmken and Mr. Glenn Bond, of Lamborn & Company, on Saturday, December 15th, Mr. Helmken stated that he was handling the Hershey account in a few Florida markets in addition to his territory in Georgia. Mr. Mr. Helmen stated that he had not been advised that *the Institute sanctioned trade consignments* in South Carolina, North Carolina, and Georgia only and admitted that he had shipped sugars on the four-payment plan to Wilson at Quincy, Fla. This was handled through Mr. Helmken's subbroker, White, in Bainbridge, Georgia, and was evidently done in good faith.

I should appreciate your taking up the matter with Mr. Helmken, as he seems to be unaware that Florida is a state where *the four-payment plan is not permitted.*

With personal regards,

Very truly yours,

(Signed) THOMAS OXNARD,
Sales Manager.

C./C./ Mr. C. H. White, General Sales Manager, The American Sugar Refining Co., 117 Wall Street, New York, N. Y.

(American files.)

4028 *Government Exhibit 457–S2*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, January 30, 1929.

GILBERT W. LEE BUILDING COMPANY,
Detroit, Michigan.

DEAR SIR: With further reference to the matter discussed in our letters of December 18 and 19, and your letters of December 24 and 28, we wish to advise that *under the refiners' Code of Ethics, we are not permitted to make deliveries at the barge rate out of our Detroit consignment*, and *such deliveries from consignment must carry the all-rail carload rate.*

However, we erroneously charged the barge rate on certain withdrawals made by Lee and Cady from your warehouse, and to correct this situation and adjust the matter properly, Lee and Cady should pay our invoice of $209.00, as per the attached, and eliminate the storage on the 3,000 bags of sugar shown on your invoice of November 13; or we are willing to pay the storage and charge back to Lee and Cady the difference between the rail rate (which should have been charged), and the barge rate, which was paid.

We cannot allow Lee and Cady the barge rate on deliveries on which we pay storage. In order for a customer to enjoy the barge rate he must accept a direct shipment, on which, of course, no storage is paid by us. Deliveries from consignment must be made at the rail rate.

We shall be glad to hear from you on this matter promptly as we are anxious to close it on our books.

With best wishes,

Very truly yours,

J. A. MONET,
Sales Manager.

4029 *Government Exhibit 457–T2*

FEB. 5, '29.

J. A. MONET,
American Sugar Refining Co., Baltimore, Md.

DEAR SIR: Referring to your letter of January 30th to the Gilbert W. Lee Building Company, would say that at the time we ordered out the 3,000 bags of sugar it was with the understanding that it was to be barge rate and storage paid.

Respectfully yours,

LEE & CADY.

Vice President.

TJM/P.

4030 *Government Exhibit 457–U2*

[Telegram]

NEW YORK, N. Y., *26.*

J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg., New Orleans, La.

Attention all southern refiners. We are in receipt of following from C. and H. Quote. We have very recent reports from *Fort Smith* that buyers there booked *nonguarantee contracts* for Fort Smith with southern refiners and when *requesting shipment to any point in the guarantee territory such shipments are made and the*

guarantee applied and our brokers have asked us to meet this
4031 condition Stop. We have just received a report to the same effect from Louisville. Unquote. *If anything of this sort is going on the consequences are likely to be most serious.* Kindly make personal detailed and exhaustive study of recent contracts and report results to Institute.

THE SUGAR INSTITUTE.

(Godchaux files.)

4032 *Government Exhibit 457–V2*

[Telegram]

FEBRUARY 26, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

Replying inquiry from C. and H, there positively have been no sugars booked for Fort Smith or Louisville on which we have issued bill lading for movement to guarantee territory Stop. Absolutely no contract originally entered as nonguarantee has had any guarantee later applied to same as our buyers must elect when making original booking whether they desire guarantee or nonguarantee contract and such contracts as entered absolutely stand unchanged to completion of same.

J. MOOG.

(Godchaux files.)

4033 *Government Exhibit 457–W2*

[Copy for Mr. Placé]

JANUARY 31, 1929.

Zone prices

Judge SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: When I was in New York last, Mr. Placé, of the W. J. McCahan Sugar Refining and Molasses Co., discussed again the question of barge competition, and in the course of our conversation, I advised him that, in my opinion, *the question of these differential route rates would only be satisfactorily adjusted for all times when a zone price basis of selling is adopted, and thereby all sugar as shipped by the individual refiner will be sold on a delivered basis, freight prepaid. Incidentally, I might state that the adoption of such a policy as this would also solve the Texas rate situation.*

Mr. Placé later wrote me, stating that he had discussed the matter with Mr. Taylor, of your office, and was informed by Mr. Taylor that you doubted the possibility of controlling the evasions in actual practice, but that *you thought you could solve the legal aspects of such a*

plan. When I spoke to you last, I gathered the impression that it was a question of the legal aspects, and not the practical question which gave doubt to your mind as to the adoption of such a plan. It is for this reason that I am writing you.

From the practical viewpoint, if you will study the distributive centers, I believe you will find that the zone prices, except probably in the state of *Texas, where the rates are arbitrarily made,* as previously written you, would not be established on the basis which would induce diversion from one zone to the other, and, *as previously stated, if sugar were sold on a delivered basis of price, the freight prepaid by the refiner, and shipped on order bill of lading, endorsed for delivery to the individual customer, the control of the car movement, I believe, would be absolutely protected.*

If you feel, as indicated by Mr. Placé, that the legal aspects can be solved, *I would certainly recommend the consideration of this matter by the Executive Committee and that a meeting be called* of the men representing the various Eastern refiners especially adapted to consider a question of this kind and to draw up resolutions and suggested zone price for early consideration.

Very truly yours,

J. Moog.

WHF.
(Godchaux files.)

4034 *Government Exhibit 457–X2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 5, 1929.

Mr. J. Moog,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.

Zone Price

MY DEAR MR. MOOG: *I have your letter of January 31st with regard to a zone or delivered price.*

I regret to say that I have not been able to find a satisfactory solution of the legal aspect.—Any delivered-price plan necessarily involves a refusal to sell to a customer, located in the interior, sugar at the point of origin in order that he may avail himself of a cheaper mode of transportation than that represented by the delivered price.

Such refusals are common in the sugar business and, when practiced by individual refiners without prior agreement with anyone, are entirely legal. If, however, the Institute should put such a delivered-price system into effect, there would be no difficulty in showing that the resulting refusal to allow the buyer the benefit of the cheapest transportation was a matter of agreement and that, *I am advised by our attorneys, would be illegal.*

The matter is further complicated by the political nature of the Mississippi-Warrior service as owned and operated by the United States Government. Any delivered price at St. Louis, for example, would presumably be based upon the rail rate from New Orleans to St. Louis. If sugar was sold to St. Louis jobbers only at this price, *we should have all the jobbers in the Mississippi Valley complaining to Congress, as well as to the Department of Justice, that we had combined to deprive them of the advantages of the cheap water transportation which the Government was trying to secure for them.* This is an issue which I could not advise the Institute to raise.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Godchaux files.)

4035 *Government Exhibit 457–Y2*

[Telegram]

PAINTSVILLE, KY., *Mar. 1, 1929*—6 45 p. m.

J. P. CODY,
Sales Mgr., Arbuckle Bros. Sugar Dept.,
Old Slip and Water St., New York, N. Y.:

Appreciate cooperation which you have given us and have built good business here on your sugar; have bought your sugar exclusively for number of years with exception of one car; we have competition and others refiners have tried to get our business by adding Philadelphia rate and giving us concession wherein would equal more than Baltimore rate; these same people are now trying to get you to add Philadelphia rate so they can get our business. *Please give us Baltimore rate and* you can always have our business.

SANDY VALLEY GROCERY CO.

4036 *Government Exhibit 457–Z2*

MARCH 2, 1929.

SANDY VALLEY GROCERY COMPANY,
Paintsville, Ky.

GENTLEMEN: We appreciate the sentiments expressed in your telegram of March 1st. We did not telegraph an answer as we could not fully cover the subject in a telegram.

To start at the beginning, *some months ago*, as a matter of uniformity, the *Sugar Institute outlined the points to take certain applications.* Later, when the South Eastern Rate Case was decided, rates in certain sections of Kentucky were changed and one refinery, in announcing the change, worded its announcement in such a way that we understood that they would henceforth sell the entire state of Kentucky on the Baltimore rate; so without further consideration we put the Baltimore rate into effect in eastern Kentucky.

We have since been advised that we erred in our announcement. The conflicting reports to you through Turner Brothers' office as to the rate situation in your territory, which reports confused Central Freight Association points with percentage points, were due to misinterpretations by individual refiners.

Because of the misunderstanding which we feared might lead a competitor to offer you sugar on the Baltimore rate when we insisted upon the Philadelphia rate, *we took the stand that we would continue to sell on the Baltimore rate until the Institute issued a new opinion in foolproof understandable language.* Hence, we have continued to confirm some offers to you on the Baltimore rate, although we realized that with a proper understanding of the situation by all refiners the Philadelphia or possibly the Savannah rate, where lower, should have been applied.

We expect that the Institute will shortly issue an announcement definitely establishing the territory in which the different
4037 rates will apply.

We, of course, desire to do everything possible to make your sugar business profitable, but, as you know, we are members of The Sugar Institute, Inc., and having pledged ourselves to observe the ethics of the Institute, we could not take advantage of our competitors to the extent of granting a rate concession to you that is in violation of the ethics. However, you will not suffer as the result of competitors having a rate advantage over you, because *all of your competition will be on the same basis as your good selves.*

The Writer keeps in touch with your account through Turner Brothers almost as closely as he did before they had the account, and, pardon us for saying so, but he doubts that your account could be in better hands as to broker or refiner.

We wanted you to fully understand the situation and to appreciate that *any change in applications* will be for good of the trade at large, and they *will be arrived at under the fair auspices of The Sugar Institute, Inc., in a way as not to discriminate against you.*

With the writer's very kindest regards, we are,

Yours very truly,

ARBUCKLE BROTHERS.

4038 *Government Exhibit 457–A3*

ARBUCKLE BROTHERS,
New York, March 12, 1929.

Mr. PATTERSON,
c/o The Sugar Institute, Inc., 129 Front Street,
New York City.

DEAR MR. PATTERSON: We would thank you to *call no meeting* with reference to the West Virginia/Kentucky rate matter, as *we have decided to accept the situation as* outlined in your letter of March 12th, *for the reason that it is the American's idea, and as they are in position to set the pace as to applications, we think it is advisable to*

follow them, hoping that this will definitely establish the zones for the different applications.

We would thank you, however, to mention in your letter as examples: "We understand that, for instance, Louisa, Pikeville, and Paintsville, Ky., take the Savannah rate, while Catlettsburg, Ashland, Vanceburg, etc., take the Philadelphia rate."

Likewise, in referreing to the division of points in West Virginia, we would thank you to specifically mention Montgomery, Hinton, and Rainelle as included in the Philadelphia points.

By specifically mentioning the above points in Kentucky and West Virginia you will cover all of the points that have recently been in dispute.

We are passing on to our Traffic Department the *map* you left with us, and now await your letter on the subject.

Yours very truly,

ARBUCKLE BROTHERS.
CODY.

(Institute files.)

4039 *Government Exhibit 457–B3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 13, 1929.

Subject: Freight Applications, Pennsylvania, West Virginia, & Kentucky

To all members of the Sugar Institute:

GENTLEMEN: The Sugar Institute is collecting information as to freight applications being used by the various refiners in the three states above mentioned.

So far as our information goes, it is the general practice in West Virginia to apply the *Philadelphia all-rail* rate in what is known as "percentage territory" as indicated in the Curlett's I. C. C. Railroad Tariff A–149 and supplements. As this territory is rather irregular, we are enclosing a *map* for your information.

You will note, among others, that Philadelphia points include Montgomery, Hinton, and Rainelle.

In the State of Pennsylvania, Philadelphia rail rate is being generally applied at all points.

In the State of Kentucky, refiners generally are applying the lowest applicable rate of the following:

(a) Philadelphia all-rail rate.
(b) Savannah all-rail rate.
(c) New Orleans all-rail rate.
(d) Mississippi-Warrior service rate from New Orleans where applicable.

For example: Catlettsburg, Ashland, Vanceburg, and Louisa, Kentucky, are sold on the Philadelphia rates, while Pikeville and Paints-

ville, Kentucky, are sold on the Savannah rates, as the rates from that point are lower than from Philadelphia.

Will you kindly advise as to your freight application basis in these three states, particularly if different from that above outlined?

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

4040 *Government Exhibit 457–C3*

THE NATIONAL SUGAR REFINING CO., OF NEW JERSEY,
129 Front Street, New York City, March 15, 1929.

JUDGE SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR SIR: Supplementing our letter of March 14 in reply to your memorandum of the 13th on the subject of freight applications in Pennsylvania, West Virginia, and Kentucky. We are now cancelling our instructions with reference to applying the Baltimore rail rate on shipments to Rainelle and Hinton, W. Va., and from now on will apply at these points the *Philadelphia rail rate.*

This will place our freight applications strictly in accordance with your memorandum of March 13.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
V. K. RAYMOND.

(Institute files.)

4041 *Government Exhibit 457–D3*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Georgia, March 18, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention of Mr. W. W. Patterson.)

DEAR BILL: Regarding your circular letter of March 13th on the subject of "Freight Applications Pennsylvania, West Virginia & Kentucky", the Savannah refinery will *be very glad to follow the freight applications as outlined in it*, and will put this into effect as of today.

With personal regards,

Very truly yours,

THOMAS OXNARD,
Sales Manager.

(Institute files.)

4042 *Government Exhibit 457–E3*

[Copy]

APRIL 5, 1929.

DEAR BILL: Our Announcement No. 53, dated August 31st, 1928, which is still in effect, reads as follows:

"Effective immediately, on contracts dated on or after August 27th, until further notice, on direct shipments and deliveries from consignment within the States of West Virginia (excluding Central Freight Association territory), Virginia, North Carolina, Tennessee (east and including Knoxville), and Kentucky (east of and including Louisville), we shall apply the Savannah rail freight rate, the Baltimore rail freight rate, the Baltimore ocean and rail freight rate or the Mississippi Warrior barge line freight rate, whichever is lowest."

In line with our conversation in New York on Wednesday, this Announcement should be changed to read:

"Referring to our Announcement No. 53, dated August 31st, 1928, effectively immediately on new business until further notice; On direct shipments and deliveries from consignment within the States of West Virginia (excluding Central Freight Association territory), Virginia, North Carolina, and Tennessee (east of and including Knoxville), we shall apply the Savannah rail freight rate, the Baltimore rail freight rate, the Baltimore ocean and rail freight rate or the Mississippi Warrior barge line freight rate, whichever is lowest. On direct shipments and deliveries from consignment within the State of Kentucky (east of and including Louisville) and within the Central Freight Association territory of the State of West Virginia, we shall apply the Savannah rail freight rate, the Philadelphia rail freight rate or the Mississippi Warrior barge line freight rate, whichever is lowest."

If you can assure me that other refiners operating in this territory have the same interpretation of this situation, we shall be pleased to make the above announcement.

However, in accordance with the statement of Mr. Raymond that the National will make ocean and rail shipments at ocean and rail rates, we shall extend the same privilege from Philadelphia.

Yours very truly,

Mr. W. W. PATTERSON,
The Sugar Inst., Inc.,
New York, N. Y.

LVP/HB.
(McCahan files.)

4043 *Government Exhibit 457–F3*

[Copy]

APRIL 15, 1929.

DEAR BILL: I have just had brought to my attention that you have not replied to my letter of April 5th regarding basing rates in West Virginia, Virginia, North Carolina, Tennessee, and Kentucky.

Am I to understand that you *intend us to sell on the basis of our Announcement No. 53 or do you believe a change is desirable?*

Yours sincerely,

LOUIS V. PLACÉ, Jr.

Mr. W. W. PATTERSON,
The Sugar Institute, Inc.,
New York, N. Y.

(McCahan files.)

4044 *Government Exhibit 457–G3*

[Copy]

APRIL 22, 1929.

DEAR BILL: Referring to my letters of April 5th and 15th, I beg leave to inquire again regarding basing rates in West Virginia, Virginia, North Carolina, Tennessee, and Kentucky.

The Wheels of Gods move altogether too slowly for me. We have held off quoting rates in certain sections of the territory mentioned above, awaiting a decision on the question contained in my letter of April 5th. This is to advise you that, *unless we have heard to the contrary before Saturday, April 27th, we shall proceed to quote rates based on our Announcement No. 53, dated August 31st, 1928.*

Yours sincerely,

LOUIS V. PLACÉ, Jr.

Mr. W. W. PATTERSON,
The Sugar Institute, Inc.,
New York, N. Y.

(McCahan files.)

4045 *Government Exhibit 457–H3*

APRIL 27, 1929.

DEAR MR. WHITE: Referring to our telephone conversation yesterday, I enclose copies of my letters of April 5th, 15th, and 22nd, addressed to Mr. Patterson of the Institute, regarding freight rate applications in Kentucky.

I now understand that *you will take action on this subject on Monday.*

Yours sincerely,

LOUIS V. PLACÉ, Jr.

Mr. C. H. WHITE, Jr.,
The American Sugar Refining Co.,
117 Wall Street, New York, N. Y.

(McCahan files.)

4046 *Government Exhibit 457–I3*

MAY 6, 1929.

DEAR MR. WHITE: I wish to refer to my letter to you of April 27th regarding freight-rate applications in Kentucky.

Last Monday I had a telephone conversation with Mr. Abbott, during which he asked me to delay action on this matter during a few days. To this I agreed at the time.

I now feel that I must insist that this matter be decided in one way or another without further procrastination.

Yours sincerely,

LOUIS V. PLACÉ, Jr.

Mr. C. H. WHITE, Jr.,
The American Sugar Ref. Co., New York, N. Y.

(McCahan files.)

4047 *Government Exhibit 457–J3*

MAY 8, 1929.

DEAR MR. ABBOTT: Referring to my letter to Mr. Patterson, of the Institute, dated April 5th (of which I sent copy to Mr. White under date of April 27th), and in accordance with our telephone conversation yesterday, I enclose copy of our Announcement No. 41 of today.

Yours sincerely,

L. V. P., Jr.

Mr. J. F. ABBOTT,
American Sugar Refining Co., New York, N. Y.
LOUIS V. PLACÉ, Jr.

(McCahan files.)

4048 *Government Exhibit 457–K3*

MAY 11, 1929.

DEAR MR. ABBOTT: Referring to my letter of May 8th, with which I enclosed copy of McCahan's Announcement No. 41, dated May 8th, regarding freight rate applications in Kentucky, I have not as yet heard of any similar announcements on the part of other refiners.

In view of the "buying movement" that has occurred since May 8th, *this delay on the part of other refiners gives us cause for regret.*

Yours sincerely,

LOUIS V. PLACÉ, Jr.

Mr. J. F. ABBOTT,
American Sugar Refining Co., New York, N. Y.
(McCahan files.)

4049 *Government Exhibit 457–L3*

THE AMERICAN SUGAR REFINING COMPANY,
Law Department, 117 Wall Street, New York, May 13, 1929.

Mr. LOUIS V. PLACÉ,
W. J. McCahan Sugar Refining & Molasses Co.,
101 South Front Street, Philadelphia, Pennsylvania.

DEAR PLACÉ: I have your letter of May 11th, in reference to the freight applications in southern and southeastern territory. This notice did not reach me until Thursday the 9th, the date of the market move. Notwithstanding the fact that we are selling on what I believe to be the basis contained in your announcement, I wanted to put out this change on Friday, but in checking over your announcement I find that it contains some inaccuracies. For example, your selling basis in the State of Virginia is not the Savannah rail, the Baltimore rail, or the Baltimore ocean-and-rail rate, but is in fact the all-water rate at Baltimore in some instances, such as Norfolk, Portsmouth, Newport News, and Sewells Point, while at *Pheobus* and *Hampton*, Va., the Philadelphia all-rail rate is used. Similarly, at Wilmington, N. C., the all-water rate from New York is the selling basis and not the rates designated by you, while at Newbern, N. C., the special rate of 20 cents is the one on which we all sell. There is at least one point in South Carolina, namely Georgetown, where the all-water rate is the selling basis and not the ocean-and-rail rate.

I am checking over the entire situation again very carefully in order that when our announcement does go out it will be accurate. Unfortunately, I was abroad last August when our original announcement was made, and for this reason I assume no responsibility for the inaccuracies therein. I know that you have been advised that we are not selling on the terms announced therein, and I am sure that you will find we are billing the trade on exactly the same basis you are throughout this territory.

Yours very truly,

J. F. ABBOTT.
Per C.

(Dictated but not read.)
(McCahan files.)

4050 *Government Exhibit 457–M3*

Virginia rates	From Baltimore	From Philadelphia	Virginia rates	From Baltimore	From Philadelphia
Hampton	38	25	Sewalls Point	20½	22½
Phoebus	38	25	Newport News	20½	22½
Portsmouth	20½	22½	Norfolk	20½	22½

4051 *Government Exhibit 457–N3*

MAY 15, 1929.

DEAR MR. ABBOTT: Permit me to thank you for the comments in your letter of the 13th instant in reference to McCahan's Announcement No. 41 dated May 8th. It was with the idea of receiving criticisms of this nature that I sent copy of this announcement to Mr. Patterson of the Institute on April 5th and to your Mr. White on April 27th.

Regarding Georgetown, S. C., you will note that we have not included the State of South Carolina in our Announcement No. 41 as we do not attempt to operate in this State.

Regarding New Bern and Wilmington, N. C., we disregarded the water rates available to these points because we are not prepared to make the necessary freight absorptions.

Regarding Phoebus and Hampton, Va., it is, of course, understood that on our own shipments, unless there has been notice to the contrary, the Philadelphia rail rate will apply if lower than rates from other refining centers. This is the reason we did not mention the Philadelphia rate in the first part of our announcement. In the second part of our announcement (covering C. F. A. territory and the State of Kentucky) we did mention the Philadelphia rate in order to indicate that the Baltimore rate will not apply, even if lower than the Philadelphia rate.

Regarding Norfolk, Portsmouth, Newport News, and Sewell's Point, I trust that you are wrong in stating that the Baltimore all-water rate applies. We have been applying the Baltimore rail rate of 20½¢ to all of these points and we understood that other Refiners were doing likewise.

I believe that the above explanations show that, as far as McCahan is concerned, our Announcement No. 41 stands correct as issued. Should you have different ideas on the subject I shall truly appreciate any further remarks which you may care to make.

4052 *Of course, I realize that, as far as the American is concerned, your announcement covering this territory must necessarily be a great deal more complicated than ours. That is why I had had in mind that the American should have set* the pace. However, that is all "water over the dam" and we remain in waiting for other Refiners to take action on freight rates in this territory.

With best wishes and looking forward to seeing you tomorrow. I am,

Yours sincerely,

LOUIS V. PLACÉ, JR.

Mr. J. F. ABBOTT,
American Sugar Refining Co., New York, N. Y.
(McCahan files.)

4053 *Government Exhibit 457–O3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 5, 1929.

Gen. C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

MY DEAR GENERAL: At our Executive Committee meeting yesterday a discussion took place as to the *probable selling rates* that would be applied to sugars moving by chartered boats to Syracuse, Buffalo, Rochester, Cleveland, Toledo, Duluth, Milwaukee, Chicago, and Green Bay with the opening of water transportation.

Inasmuch as you control a substantial amount of business that will move to these points, will you favor us with the rates you will quote and bill to these points (a) on direct shipment and (b) on deliveries from consignment, and also tell us whether you contemplate renting any of these boats, either in total or selling space on them, for account of customers at any other than rates quoted, and will your quoted rates apply whether these sugars are handled by you as a broker or through your affiliated concerns.

Will you further state that such rates as you quote will be continued until further notice, and advise the Institute by wire in the event of any change?

We will appreciate your cooperation in this matter and a reply at your earliest convenience.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

4054 *Government Exhibit 457–P3*

[Copy given Mr. Taylor]

[Office memorandum]

APRIL 8, 1929.

To: Judge Ballou.
From: Mr. Fisher.

Louis Placé called by phone. He states as follows:

"Bruyn announced that he would use what water equipment he could get and absorb down to meet Edgar's water-shipment prices. *Placé wants to follow, but wants one point cleaned up.* Boat shipments, Philadelphia to Chicago, take a minimum of 25,000 to 30,000 tons, which is more than he wants to ship for his own account. He has a customer in Chicago who has ordered a water shipment of more than the minimum quantity. Placé wants to use this shipment as a means of getting his sugar to Chicago by making a pool shipment of it. He wants to charter a larger boat than is necessary to carry the customer's sugar and include his own. *This, of course, is contrary to the letter of the Code on "Pool Cargoes", but not to the spirit of it,*

as in this case, instead of the customer getting the benefit, the refiner gets it."

Will you give him an opinion on this point by phone?

ETF/C.

(Institute files.)

4055 *Government Exhibit 457–Q3*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street, Philadelphia, Pa., April 20, 1929.

Mr. J. F. ABBOTT. Mr. J. P. CODY.
Mr. CHAS. D. BRUYN. Hon. SIDNEY BALLOU.
Mr. EDGAR H. STONE. Mr. FRED G. TAYLOR.

DEAR SIRS: We have investigated thoroughly the matter of the cost of all-water shipments from Philadelphia to Chicago. In order to give a service comparable to that quoted at the meeting at the Institute on *April 16th* as available on cargo shipments over all-water routes from New York to Chicago, our absorption (due especially to present congestion of raw sugar arrivals at our docks and due to the present extraordinary scarcity of tonnage suitable for a through movement over a "deep sea and canal" or over a "deep sea and St. Lawrence" route) would be greater over an all-water route than over our regular Rail and Lake route.

We have therefore decided that (in accordance with my statements at recent meetings of the Institute) we shall, next week, ship over the Rail and Lake route the sugars necessary to cover an "at customer's request" order for a full cargo quantity of sugar at an all-water rate to Chicago. These sugars will be invoiced at the *34½¢ all-water* freight rate *to Chicago* which was quoted at the meeting at the Institute on April 16th as applicable to contracts entered before the recent announcements of a 25¢ per ton loading charge.

On similar shipments to Chicago in the future the freight rate applicable will be 36¢ until further notice. In accordance with my statements at recent meetings of the Institute, whenever possible this rate will be quoted only on shipments actually moving over all-water routes. However, if for reasons similar to those mentioned above, we are forced to have such shipments move over the Rail and Lake route, such a rate will be applied only on full cargo quantities and the dates of payment and of delivery will be made to agree as closely as possible to those which would have existed had the shipment actually moved over an all-water route.

I trust that you will find all of these arrangements to be in accordance with *our understandings at meetings* held at the Institute both last week and this week.

Yours very truly,

LOUIS V. PLACÉ, JR.,
Vice President.

(American files.)

4056 *Government Exhibit 457–R3*

MAY 18, 1929.

AMERICAN SUGAR REFINING CO.,
New York City.

DEAR SIRS: It is very important that we get canal rate on sugar and we write to ask if you cannot let our sugar come that way. If you prefer to ship by rail and give us the canal rate, that, of course, would be very satisfactory.

Please think it over.

Yours truly,

BREWSTER, CRITTENDEN & CO., INC.,

President.

4057 *Government Exhibit 457–S3*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, May 21, 1929.

Mr. P. V. CRITTENDEN,
Brewster, Crittenden & Co., Rochester, N. Y.

DEAR MR. CRITTENDEN: We have for acknowledgment your kind letter of May 18th.

We sincerely regret our inability to accede to your request in this instance. In accordance with our public announcement dated April 29th, our established ruling, freight basis in the Rochester market is 28½¢, which represents the New York-Philadelphia all-rail rate, to which, of course, our usual tare is to be added. In this announcement we stated that we would not be in position to accept further orders for delivery f. o. b. our refinery, and that our delivered prices would apply, irrespective of route of movement. It is our understanding that competitive refiners have also adopted similar selling bases in your market.

With kindest regards, we are,

Very truly yours,

J. W. MOONEY,
New York Sales Office.

4058 *Government Exhibit 457–T3*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, May 25, 1929.

Mr. P. V. CRITTENDEN,
Brewster, Crittenden & Co., Rochester, N. Y.

DEAR MR. CRITTENDEN: We are in receipt of your letter of May 18th in regard to the rate of freight to Rochester.

We greatly regret that we cannot comply with your request in regard to granting the canal rate, as *we are only selling our sugars*

in the Rochester market at our F. O. B. New York price plus the rate of .294 on bags and .31 on barrels, cases, and containers, *regardless of how shipment is made.*

The situation has made it necessary for us to try to cooperate in uniform methods of selling.

With high esteem, we are, very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
JAMES H. POST, *President.*

4059 *Government Exhibit 457–U3*

[Letterhead of the W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., *May 26, 1928.*

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: In view of the result of the meeting on Friday, I am moved to send you a copy of the handwritten notes which I read at the last meeting of the Board of the Institute. Everything I read at that time is still true, and I would appreciate your reading the attached memorandum with an open mind.

While it is correct that the greatest handicap of Eastern and Southern refiners in the western territory has been the Pacific Coast guarantee, even after this matter is settled, still Philadelphia refiners will face the conditions described in the attached memorandum.

The only point brought up at the Friday meeting which, in my opinion, is not covered by my memorandum, is the suggestion that we withdraw from Indiana, Illinois, and Wisconsin, or curtail our activities in these States to whatever business drifts our way in spite of our handicaps, maintaining our distribution by activities in other territories. In this connection the statement was made that it makes no difference where or to whom a refiner sells so long as he maintains a proper volume of profitable business.

With this statement I most emphatically do not agree. For years we have cultivated bonds of mutual service and good will with our brokers and customers, which we believe are our greatest asset, which no one has the right to expect us to abandon. There are many dreadful examples of what happens to manufacturers who treat lightly the good will of old customers for some temporary financial advantage, because, without the good will of customers, the financial advantages soon disappear.

4060 It is too late to wait until the figures show that which is absolutely inevitable; that under present conditions our business in Indiana, Illinois, and Wisconsin will gradually dwindle to nothing. It is impossible to jump in and out of a market and still maintain one's identity and be fair to one's brokers and connections.

The meeting urged us not to try to meet the freight-advantages of New Orleans in this western territory and to delay action until it is proved that we cannot maintain our volume by sales in other territories. If this is a good policy for us, why do other refiners not follow it? Put the shoe on the other foot and, if we are foolish enough to throw money away by making freight absorptions in this territory, the other refiners are privileged not to meet our competition and to delay action until it is proved that they cannot maintain their volume by sales in other territories. It is certain that Philadelphia refiners can no more supply the whole of this territory than the Mississippi barge can hope to do it; and, therefore, other refiners would be sure to get business even if we announced the barge rate application on "all-rail" shipments and they did not.

Do you honestly believe that the C. & H. and New Orleans refiners would be content to stand by without trying to put themselves on a competitive basis with us? Why ask *us* to do so?

Yours very truly,

THE W. J. McCAHAN SUGAR REFINING & MOLASSES CO.,
LOUIS V. PLACÉ, Jr.

4061 (1) Gentlemen, I am not a speechmaker, as you will find out as I go along. However, on the way over from Philadelphia, I have scribbled down some thoughts which I would like to read to you. It will take only a few minutes and, if you try to follow my line of thought, it will, I believe, give you a complete view of our position regarding freight rates in the west.

(2) I think it goes without saying that in an organization such as the Sugar Institute all matters which come up for discussion must be viewed and settled in a spirit of fairness, each individual temporarily forgetting his personal prejudices and temporarily forgetting his desire to relentlessly pursue any advantage which he may have gained over the other members of the organization.

If any other spirit is shown in any of the discussions of the Institute, gentlemen, it is going to mean the eventual disorganization of the Institute and the Institute means too much to every single member of the Institute for any one of you to knowingly take a position which will lead to such a result.

On these basic facts all of us will undoubtedly agree.

(3) Now as to the practical application of these basic principles to the matter under discussion.

I appeal to New Orleans refiners to face the facts in their own minds in the spirit of fairness which must be adopted in all discussions of the Institute. Irrespective of any past statistics and irrespective of any theoretical ideas, I ask you *is it physically possible* for Philadelphia refiners to persuade buyers in Illinois and Wisconsin to contract for Philadelphia sugar when all that we can offer is the sugar at a certain basic price plus the rail-and-lake freight rate while New Orleans can offer them the same quality of sugar at the

same basic price at the *same* rail-and-lake freight rate *and*, *in addition*, can offer them the advantages of an optional 14-day scheduled express barge movement at 5½¢ per 100 lbs. below our freight rate and *in addition* can offer them at 5½¢ per 100 lbs. below us an
4062 optional slow tow-barge movement of 28 days which is very valuable to the buyers under certain market conditions because it provides free storage when sugars are too plentiful. (This condition has been aggravated by the recent announcements of arrival payment terms on barge shipments but, irrespective of payment terms, the condition exists and must be faced.)

I ask the New Orleans refiners—"Could their own brokers sell sugar if their competitors had such an advantage over them!" I don't expect an answer because we all know what it is—an emphatic "No."

Irrespective of what the actual barge shipments amount to, the condition described above must inevitably throw the *contracts* in the direction of the New Orleans refiners and of course the shipments, whether barge or rail, will come from the refiners who have booked the contracts.

It has been stated that with the lowering the basic rate to the rail and lake basis the barge differential had been decreased. This is true but it is also true that prior to that, *some* sugars were being shipped from New Orleans at the full rail rate whereas we could offer the option of rail and lake shipments which New Orleans could not meet. Now we have no option to offer which New Orleans cannot meet, we have no selling points left at all.

(5) Regarding past statistics, these are based partly on business placed before the formation of the Institute. Of the business placed after the formation of the Institute a great deal of it has followed the old channels due to good will toward brokers or refiners and due to the type of market we have had, but now there are unmistakable signs that the buyers are beginning to realize the situation. Our business from the territory has dwindled to less than half of normal and it is on the toboggan.

(6) If New Orleans refiners continue to relentlessly pursue their advantage in all the territory in which they possess a freight advantage they will bite off more than they can hope to supply. At first this may appear as an advantage but if is analyzed carefully it will be found not to be so.

To begin with, if New Orleans refiners speed up operations to take care of this demand, it will mean a consequently
4063 increased competition between Eastern refiners in our own restricted Seaboard district. This will inevitably lead to lower list prices which will affect New Orleans refiners as much as it does us.

Furthermore, the favored position of New Orleans will inevitably lead to increases in capacities of existing New Orleans refineries or *even* to the erection of new refineries in New Orleans to take

care of the territory in which New Orleans is favored at the present time. This is a tendency which certainly should not be favored by present New Orleans refiners.

Appealing to the selfishness of New Orleans refiners, I would point out that it is the advantages of New Orleans as a freight center which has drawn to them the C. & H. competition. Unless the "*selling advantages*" of this freight situation are curbed New Orleans is merely inviting more intensive C. & H. competition in New Orleans territory which otherwise will tend to distribute itself more evenly.

(7) Unless a refiner is willing to admit that he cannot sell his sugar on an even competition with other refiners, he should have no objection to equalizing the freight situation so that all refiners are on an equal *selling* basis.

The refiner having a differential rate will always retain the *financial* advantage of that rate.

(8) I propose that *all* refiners sell to *all* points on an equal freight application. If it is possible, and *I* believe it *is*, then *let us all sell at the "all rail" rates.* If this isn't possible then let us all sell at the *same* differential rate, whatever it is. This is absolutely the only method which will be *fair* to all and, in this connection, I refer to my opening remarks, in which I am sure that we all agreed.

(9) Under this system the refiner having a differential rate could still have all of the financial advantage of it because he can still use it on consignments and even on direct shipments, taking care of differences in transit time by diverting consignment cars.

(10) Under this system business would naturally flow toward the logical refiner having the least freight absorption to make but at the same time *it would not set up arbitrary lines of territories* which can do nothing but create indefinite arguments and ill feelings which it is absolutely essential that refiners avoid under the Institute.

4064 (11) There is only one danger to this system which is that *some refiner may attempt to corral more than his fair share of business by excessive freight absorptions.* Remember that this sin carries its own chastisement. After all, we are primarily in business to make money and excessive freight absorptions, beyond the average for all refiners, will quickly destroy any selling advantage temporarily gained. Furthermore, if there should be such a tendency on the part of any group of refiners the Institute statistics will soon show it and a remedy applied if this condition exceeds certain limits. I say certain limits because I am sure that no refiner wants to be so tied down, as to his meltings or distribution, that all initiative is killed and that any honest differences of opinion as to the course of the market cannot be reflected in his operations.

(12) The point might be brought up that we are insisting on immediate action on our complaint whereas I suggest that the case of a refiner who absorbs excessive amounts be left to action based on statistics. The answer is simple. In our case it is a question

of business ties that we have in the past and still enjoy and we seek immediate relief because we certainly do not intend to allow small freight absorptions in our natural territories to destroy these business ties with brokers and customers which it would be very difficult to renew once the statistics showed that they had been destroyed.

In the case of excessive freight absorptions, such a refiner would be going after business from *new* customers in an unnatural territory and it would be a very simple matter for the natural source of supply to recover their natural predominant position.

4065 *Government Exhibit 457–V3*

[Telegram]

JUNE 24, 1929.

SEAVEY & FLARSHEIM BROKERAGE CO.,
Chicago, Ill.:

Please refer your letter eighteenth and Chicago invoices ten eight naught five to seven, inclusive, covering eighteen hundred bags diverted to buyers while in transit via Barge Line and billed freight collect Stop. Please refer Institute *Code Rulings* Number four, March eighteenth, item four, page nine, *distinctly prohibiting diversion of a shipment already en route for billing on differential rate.* Appreciate your advices.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

4066 *Government Exhibit 457–W3*

[Telegram]

JUNE 26TH, 1929.

Mr. J. ORSEN DOUGLAS,
Domestic Sugar Bureau,
120 South La Salle Street, Chicago, Ill.:

Will you please advise us *reasons* for C. and H. arbitrary rate application fifty-five cents at Fort Scott, Appleton, Clinton, Eldorado Springs, Harrisonville, and Nevada, Missouri.

SUGAR INSTITUTE.

(Institute files.)

4067 *Government Exhibit 457–X3*

THE SUGAR INSTITUTE, INC.,
New York, July 3rd, 1929.

AMERICAN SUGAR REFINING CO.,
117 Wall Street, New York City, N. Y.
(Attention Mr. J. F. Abbott.)

GENTLEMEN: A report comes to us through the Domestic Bureau that southern sugars shipped to Terre Haute, Indiana, are being juggled into Matoon, Illinois.

If you have not already taken the precaution provided for by a resolution of a late Directors' Meeting to prevent such practice, we urge that you do so at once.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(American files.)

4068 *Government Exhibit 457–Y3*

JULY 10, 1929.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: I believe it would be a good idea for statistics to be collected covering shipments made to, and deliveries at, say, Buffalo, N. Y. Comparisons of deliveries made by all refiners during periods both before and after the establishment of a "delivered price" at this point, might be illuminating.

What do you think of this idea?

Yours sincerely,

LOUIS V. PLACÉ, Jr.

(McCahan files.)

4069 *Government Exhibit 457–Z3*

THE SUGAR INSTITUTE, INC.,
New York, July 12, 1929.

To Members of the Sugar Institute, Inc.

GENTLEMEN: We have received from one of our members a suggestion which we believe might be well to follow up. *The member from whom the suggestion came believes that the delivered price in Buffalo is being circumvented on the part of a number of buyers* by taking delivery of their sugar at New York and shipping it by barge themselves.

The suggestion is therefore made that the Institute collect from its members statistics showing deliveries at Buffalo from consignment and from direct shipments for a period covering some months before the delivered price was put into effect and continuing to date.

If we find that deliveries from Buffalo have been greatly curtailed subsequent to the date delivered prices were announced, it would be rather conclusive proof that the delivered prices were being defeated and some remedy would probably be devised to combat this situation. If the deliveries remain about the same, of course, the inference would be that the delivered prices were not being defeated.

I would be very glad to have your ideas on this question, and also to obtain an expression from you as to whether you would be willing to prepare such statistics from January 1st, 1929, to date.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

4070 *Government Exhibit 457–A4*

JULY 16, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. Sidney Ballou, Executive Sec'y.)

GENTLEMEN: Replying to your letter of July 12th in reference to deliveries at Buffalo. Of course, it is impossible for any buyer in Buffalo to purchase sugar from Boston for delivery by barge, therefore we feel sure that the practices mentioned in your letter can have no reference to shipments from this refinery.

We believe that any attempt to circumvent the Institute's rulings should be followed up very carefully and measures taken to prevent this. We would be very glad to furnish you any statistics in regard to our shipments that you may desire.

Yours very truly,

REVERE SUGAR REFINERY,

Vice President.

HEW/EFC.
(Revere files.)

4071 *Government Exhibit 457–B4*

JULY 15, 1929.

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute,
New York City.

DEAR SIR: We acknowledge receipt of your letter dated July 12th, addressed "To Members of the Sugar Institute, Inc.", regarding the question of distribution in the city of Buffalo before and after the establishment of the prepaid freight rate at that point. Upon receipt of your advices as to the particular statistics desired, we shall be very glad to assist you in this investigation by going back through our records to the first of this year and endeavoring to supply the necessary details requested.

Yours very truly,

NORMAN CROCK.

(McCahan files.)

4072 *Government Exhibit 457–C4*

H. H. PIKE & CO., INC.,
New York, August 16, 1929.

L. & W. ARMSTRONG COMPANY,
90 Wall Street, New York, N. Y.

GENTLEMEN: Godchaux Sugars, New Orleans, and the Sugar Institute, have called to our attention the matter of invoicing shipments from Mobile in less-carload shipments to points in Alabama and Mississippi, being invoiced on the New Orleans Barge LCL rate instead of the New Orleans Rail LCL rate. We have always invoiced these shipments on the New Orleans LCL rail rates, but our Mobile representatives now state that you are billing the buyers on the New Orleans LCL Barge rate, and unless we meet your competition we will lose some of our business.

When the rates changed on August 30th, 1928, *it is my understanding that we all agreed to use the New Orleans Rail basis for such shipments and I would hate to see this broken down.* Can't you advise that you can fall in line with the rest of us?

To meet your competition last year, we have been allowing buyers in the city of Mobile the switching rate of $7.20 per car, applicable from the Alabama State Docks to uptown private sidings in Mobile, when such buyers truck their shipments from the State Docks in carload lots. The other refiners are trying to get us to discontinue this practice and load cars at Alabama State Docks, prepaying switching charges of $7.20 applicable to Mobile Sidings. We have informed them that we cannot do this unless you do so. Kindly advise your attitude on this feature.

Yours truly,

H. H. PIKE & COMPANY, INC.

cc. Mr. Fred. Taylor, Sugar Institute; Godchaux Sugars, Masonic Temple, New Orleans, La.; Benham, Ziegler & Co., Mobile, Ala.
(Godchaux files.)

4073 *Government Exhibit 457–D4*

SPRECKELS SUGAR CORPORATION,
New York, August 19, 1929.

Mr. HENRY E. WORCESTER,
Vice President Revere Sugar Refinery,
Charlestown, Mass.

DEAR SIR: Referring to our recent conversation with regard to the Hartford situation, I find that it needs correction. On May 17th we made an announcement that our freight application on bags would be 19.6. We believe that Arbuckle also made the same announcement, but other refiners did not follow, and they are billing at 18.6¢, which we have met, although we made the error of not making it a public announcement. Inasmuch as this is not the rail rate, I see no reason

for continuing to quote a delivered price to Hartford. If other local refiners would go to 22.2¢, which is the rail rate from both Boston and New York to Hartford, both cities would be in a position of equality.

When you are next in New York, I would suggest your taking it up with our two largest competitors. We will be glad to follow any constructive move towards correcting this situation.

I do not personnally know the history of the situation in Providence. I am told that the Boston refiners first made store-door deliveries by truck in that city and that later the National decided to carry a consigned stock there. I would appreciate your comments as to a correction of conditions there as well as Fall River and New Bedford.

Yours very truly,

EDGAR H. STONE, *Vice President.*

EHS: N.
(Revere files.)

4074 *Government Exhibit 457–E4*

[Telegram]

SAVANNAH, GA., *Aug. 20, 1929.*

THOMAS OXNARD,
c/o The Roosevelt,
Madison Ave. at 45 St., New York, N. Y.:

Pardonner has copy wire sent Institute regarding rates Covington and Newport to which they reply: Quote Prepay of point four five three at Covington and Newport, Kentucky, based on rate to Cincinnati, Ohio Stop. When *delivered prices* were announced at these two points *Arbuckle assumed Newport and Covington to be suburbs of Cincinnati and gave them same freight basis* unquote; while doing no business these points at present believe you should make protest as *all eastern refiners agreed use barge Savannah or Philadelphia* rate this territory whichever lowest.

E. P. ANDERSON.

(Savannah files.)

4075 *Government Exhibit 457–F4*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, September 3, 1929.

Mr. H. G. HALLBERT,
117 Wall Street, New York City.

DEAR MR. HALLBERT: The Tucker Brokerage Company, our brokers at Orlando, Florida, advise that Henderson is still using the prepaid freight rate of .381 on bags instead of .402, the rate used by all other refiners.

We believe that we took this matter up with you some time ago, but it evidently has been overlooked.

Will you kindly get in touch with Henderson with the view of having them bring up their freight rate to the same basis as ours?

Yours very truly,

J. A. MONET, *Sales Manager.*

(American files.)

4076 *Government Exhibit 457–G4*

SEPTEMBER 6, 1929.

Mr. J. C. PIERSON,
New Orleans, La.

DEAR MR. PIERSON: We enclose herewith copy of a communication from Mr. Monet, of Baltimore, having reference to the freight rate used by the Henderson refinery at Orlando, Florida. This letter is self-explanatory, and we believe that it is possible that the difference in the freight rates that are being applied is due to the fact that Henderson is using the Savannah rate, whereas we base ours on the Port Wentworth rate, making a difference of about 2¢.

In any event, if you can diplomatically take this up with Henderson and ascertain from them definitely what rate they are using, we think it is possible that if approached properly they will agree to sell on the same rate that we are, which is .402.

Will you, therefore, take this up with them and advise us of the results?

Very truly yours,

General Sales Department.

HGH: AK.
(American files.)

4077 *Government Exhibit 457–H4*

SEPTEMBER 6, 1929.

Mr. J. A. MONET,
Baltimore, Md.

DEAR MR. MONET: We are in receipt of yours of the 3rd, having reference to Henderson's placing a freight rate of .381 on sugars at Orlando, Florida.

We believe that this is perhaps arrived at by the fact that they are using the Savannah rate instead of the Port Wentworth rate, but *will get in touch with this refiner and endeavor to get them straightened out so as to sell on the same basis as we do, that is, .402.*

We will advise you in this regard later.

Very truly yours,

General Sales Department.

HGH: AK.
(American file.)

4078 *Government Exhibit 457–I4*

THE AMERICAN SUGAR REFINING COMPANY.

Disposition Slip

Mr. C. M. W., Jr.:

Do you want to follow July suggestion about getting in touch with Henderson?

H. G. H.

4079 *Government Exhibit 457–J4*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, September 9, 1929.

Mr. H. G. HALLBERT,
117 Wall Street, New York City.

DEAR MR. HALLBERT: We wrote you a few days ago that Henderson was still using the prepaid rate of .381 on deliveries from their Orlando consignment. Since writing this letter, *we have been advised that Hershey is also using this lower rate, and we shall appreciate it greatly if you will arrange to have both Henderson and Hershey use the Port Wentworth rate, which is .402.*

This should be brought about at once as we are in receipt of a great many complaints from our jobbers thruout that section.

Yours very truly,

J. A. MONET, *Sales Manager.*

(American files.)

4080 *Government Exhibit 457–K4*

SEPTEMBER 10, 1929.

Mr. J. A. MONET,
Baltimore, Md.

DEAR MR. MONET: We are in receipt of your communication of the 9th with reference to the selling basis used by Hershey and Henderson at Orlando, Florida. We wrote you the other day that *we were endeavoring to straighten out Henderson on this rate and we shall now endeavor to see what we can do to have Hershey use the rate of .402.*

We hope to be able to advise you in a few days that both of these competitors will use the same rate that we are using.

Very truly yours,

General Sales Department.

HGH: AK.
(American files.)

4081 *Government Exhibit 457–L4*

[Telegram]

NEW ORLEANS, LA., *Sept. 11.*

H. G. HALLBERT,
The American Sugar Refg. Co., 117 Wall St., New York, N. Y.

Throaty (Ref. yr. letter 6th) reference Orlando, Florida, freight application Stop. *Agreeable to Henderson use Port Wentworth rate in future* but understand they will apply Savannah rate on bookings *Gentian* (5.30 basis).

J. C. PIERSON.

(American files.)

4082 *Government Exhibit 457–M4*

SEPTEMBER 16, 1929.

Mr. J. A. MONET,
Baltimore, Md.

DEAR MR. MONET: Referring to our interchange of correspondence in connection with rate of freight being used by our competitors at Orlando, Florida, we are advised by our New Orleans sales office that it is agreeable to Henderson to use the Port Wentworth rate in the future, but that they will apply the Savannah rate on all bookings at 5.30 basis.

We are endeavoring to get a similar statement from Hershey, who we understand is using the Savannah rate at the present time. As soon as we can get this other competitor lined up we shall notify you.

Very truly yours,

General Sales Department.

HGH:AK.
(American files.)

4083 *Government Exhibit 457–N4*

[Letterhead of Wm. Henderson]

NEW ORLEANS, *Sept. 16th, 1929.*

THE SUGAR INSTITUTE, INC.,
New York, N. Y.
(*Attention Mr. Evan Fisher.*)

DEAR SIRS: I thank you very much for your handling of that wire to me about correct freight application for Orlando. I was sorry not to get back and see you once again but the meeting over in the American Refinery's Directors Room adjourned at so late a time that I could not make it Thursday afternoon and on Friday I went on over to Philadelphia.

The information you have in hand seems to indicate very clearly that the practice on LCL shipments is to use the Savannah rate, and, as all our deliveries have been made in quantities of that size, our invoices are apparently correct as rendered.

As a matter of fact, it is not a matter of essential importance as the elimination of present contracts will also mean the elimination of consigned stock in that point except perhaps for a little chicken feed. You will remember on the new consignment list Orlando is left out.

Yours very truly,

MANY.

4084 *Government Exhibit 457–O4*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 23rd, 1929.

GODCHAUX SUGARS, INC.,
Masonic Temple Building, New Orleans, La.

GENTLEMEN: We have a letter from one of our members, from which we quote the following:

"*It is reported that certain refiners shipping from New Orleans are not selling at the delivered prices in Chicago, Milwaukee, etc., but are still quoting f. o. b. New Orleans, shipment via barge*, with no price guarantee. You will recall that we stopped the practice here. Will you please advise me promptly whether it is ethical for refiners shipping from New Orleans to continue this practice?"

We have already advised the complainant that such shipments from New Orleans to points where prices are in effect would be unethical under the code rulings of the Institute.

We assume that the report is in error, but would appreciate your prompt reply to the question.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

4085 *Government Exhibit 457–P4*

OCTOBER 25, 1929.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

In re Barge Sugars Not Being Sold in Chicago, Milwaukee, Etc., on delivered basis price.

DEAR MR. TAYLOR: Replying to your letter of October 23d, in which you quote from a letter from one of your members on the above-mentioned subject, we are in a position to advise you that

absolutely *all sugar which we have shipped by barge to Chicago, Milwaukee, or any other points where there is a delivered basis price established is shipped by us barge rate prepaid and we invoice all such sugar on the delivered basis price.*

If any Southern refiner is doing otherwise, I would certainly like to be advised thereof, as it is establishing an unfair competition to us which I believe we should be thoroughly advised of.

I would therefore appreciate hearing from you further after you have heard from all at interest, *so I may know whether anyone is breaking down the rule mentioned above.*

Very truly yours,

J. Moog.
W. H. F.

4086 *Government Exhibit 457–Q4*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 30th, 1929.

Mr. J. Moog,
Godchaux Sugars, Inc.,
Masonic Temple Building, New Orleans, La.

Re Barge Sugars Not Being Sold in Chicago, Milwaukee, Etc., on delivered basis price.

DEAR MR. MOOG: Since receiving your letter of October 25th, regarding the above subject, *we have assurances from Henderson and American that are as definite as yours regarding this matter. They say they have not, under any circumstances, permitted any violations of the delivered price at the points in question.*

I think it is possible that there are a few points on the fringe of the territory where the barge rate applies where transiting abuses may be practiced to defeat our delivered price at Chicago, and probably other points. This matter is, however, having the attention of our Traffic Committee, and we hope the problem will be solved in the near future.

Very truly yours,
(Godchaux files.)

FRED G. TAYLOR,
Executive Vice Secretary.

4087 *Government Exhibit 457–R4*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, October 30, 1929.

Mr. C. H. WHITE, Jr.,
117 Wall Street, New York City.

DEAR MR. WHITE: As you probably know, we make rail shipments from Savannah to Augusta, Georgia, at the boat rate of 18 cents, which is 5 cents lower than the rail rate. The boat, which is the basis for this rate, is an in-and-out proposition, depending upon the water conditions.

We talked to Mr. Oxnard over the telephone on yesterday, and he stated *that he was only too willing to charge the boat rate of 18 cents on boat shipments and the rail rate of 23 cents on rail shipments, provided we could induce Hershey to do likewise.*

This matter is being brought to your attention at this time on account of the fact that all consignments at Augusta have been eliminated by the refiners, and we would like to hear from you as promptly as possible.

Very truly yours,

J. A. MONET, *Sales Manager.*

(American files.)

4088 *Government Exhibit 457–S4*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, November 5, 1929.

Mr. C. H. WHITE, Jr.,
117 Wall Street, New York City.

DEAR MR. WHITE: We have received the following telegram from Mr. Barkerding, which is self-explanatory:

"Was notified by steamship company today rate to Georgetown effective immediately 26 cents. This same rate Savannah all rail. Accordingly very much buyers' interest purchase from Savannah, as cars delivered direct to their warehouses instead of hauling from dock. We cannot continue get Georgetown business unless we make store-door delivery or absorb enough to overcome the advantage. Wire decision quick. Several orders pending."

Inasmuch as our consignment at Georgetown has been discontinued and Savannah is in a position to give siding delivery on straight cars, we recommend that some arrangement be made with a Georgetown truckman to haul the equivalent of carloads from the dock to the customer's door, we to pay the trucking charge.

We also suggest that the selling rate at Georgetown be increased to 26 cents, which is based on Savannah's rate to that point. *If you will get in touch with Mr. Oxnard, we are sure that Savannah will be willing to increase the rate.* For your information, the boat service to Georgetown from Baltimore has been discontinued, and we are making our shipments from Charleston by boat, and by reason of an arrangement with the Bull Line the thru rate is 26 cents—the same as from Savannah.

Please let us have your decision promptly, as Mr. Barkerding has several orders pending.

Very truly yours,

J. A. MONET, *Sales Manager.*

(American files.)

4089 *Government Exhibit 457–T4*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, November 12, 1929.

Mr. I. L. SPERRY,
117 Wall Street, New York City.

DEAR MR. SPERRY: We are in receipt of your letter of November 8, to which you attached *several Institute recommendations with regard to the application of the freight rates in South Carolina, Georgia, and Florida.*

We cannot understand why we have never received these rulings before, as we were using the Port Wentworth or Savannah rate, whichever is highest. However, we have advised our brokers in South Carolina and Georgia to be guided by the Port Wentworth rate on carloads, and the Savannah rate on less-than-carloads, as we find that Savannah is using these rates as their selling freight-rate basis.

On the South Carolina rate sheet, please change Georgetown to read 26 cents. This was taken up with Savannah, and inasmuch as the boat service to this point has been discontinued, the 26 cents rate is the proper one to use.

We would like to have you clarify the rates on the Florida rate sheet. It is stated that the Savannah rate governs, whereas both Savannah and ourselves have been using the Port Wentworth or Savannah, whichever is highest, but unfortunately, *both Henderson and Hershey are using the Savannah rate, in accordance with the Institute rulings of September 6.* This makes a difference of one or two cents at such points like Orlando, Ocala, etc. We have written before regarding this matter and we are very anxious to get these rates adjusted so that all refiners will be using the same selling freight basis.

Please advise us promptly.

Very truly yours,

J. A. MONET,
Sales Manager.

(American files.)

4090 *Government Exhibit 457–U4*

c.c./Mr. Fred G. Taylor, Executive Vice Secretary The Sugar Institute, Inc.

DECEMBER 2, 1929.

Mr. THOMAS OXNARD,
Sales Manager, Savannah Sugar Refining Corp.,
Savannah, Ga.

DEAR MR. OXNARD: I have just had an opportunity to read over your letter of November 20 addressed to Mr. Bruyn which refers to the freight applications you are using in the State of Florida. As of November 20 *we have received from The Sugar Institute,*

Inc., a memorandum indicating that the Port Wentworth rate and not the Savannah rate is the competitive carload application in Florida. We have been applying the Port Wentworth rate in South Carolina but have had no record as to its being the competitive basis in Florida. *Under the circumstances we will be guided accordingly and from now on apply these rates in Florida.*

As to the situation at Jacksonville, I have for some time been of the impression that some consideration should be given to the handling of business from that particular point. I am fully aware of the action taken at Charleston, S. C., and, while in principle this same action might be taken at Jacksonville, the matter has never been discussed to my knowledge in the same light.

We will be only too glad to take part at any time in a general discussion of the Jacksonville situation with the thought that *more uniformity of practice* is both possible and desirable. Until such time we will not undertake to make any specific instructions with reference to the rates applying via the St. John's River Line.

With kindest regards.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
V. K. R., *Traffic Manager.*

(Institute files.)

4091 *Government Exhibit 457–V4*

[Telegram]

NEW YORK, N. Y., *Dec. 9, 1929—3:19 p. m.*

HENDERSON SUGAR REFINERY,
749 South Peters St., New Orleans, La.:

Answering your letter of December fifth, have taken up question of selling basis Orlando, Florida, with Hershey Stop. Mister Perry informs us they have notified their brokers to apply Port Wentworth rate Stop. He is checking up to see that this is being done.

THE SUGAR INSTITUTE.

(Henderson files.)

4092 *Government Exhibit 457–W4*

DEC. 5TH, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

DEAR SIRS: We have had quite some correspondence with Mr. Oxnard of the Savannah Refinery. He wants us to use a freight application in Orlando based on the *Port Wentworth rail rate* instead of Savannah rail rate in territory surrounding Orlando. There is a 2¢ difference in freight rates, and as it is an absorption point we are naturally very glad to raise the prepay basis, but our

representative in Orlando states that Hershey is still using the old 37¢ freight rate as their basis instead of the proposed 39¢. We, of course, could write Pike direct but find that such requests are put off and delayed so frequently that we thought it would be much better if you handled with Pike to find out first what basis they use on both carload and less than carload; and, second, *if it is agreeable to them to make their basis what Savannah proposes*, that is, the Port Wentworth rail rate on carload shipments and the Savannah rail rate on L. C. L. shipments.

Yours truly,

WM. HENDERSON.

(Henderson files.)

4093 *Government Exhibit 457–X4*

DEC. 19TH, 1929.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.

DEAR SIRS: Among a number of other Supplements covering changes in warehouses and freight rates, we are today in receipt of one dated Dec. 17th–Miss. #3, which states the N. O. rail rate governs.

This is not our understanding. The Miss. rail rate, rail terms, governs rail shipments but on barge shipments the barge rate governs. The payment, however, is made 16 days from date of shipment, regardless of time of arrival. *Please correct this if we are wrong.*

Yours truly,

WM. HENDERSON.

(Henderson files.)

4094 *Government Exhibit 457–Y4*

THE SUGAR INTITUTE, INC.,
129 Front Street, New York, December 23, 1929.

Mr. J. MANY,
Henderson Sugar Refinery,
749 South Peters Street, New Orleans, La.

DEAR MR. MANY: In answer to your letter of December 19th regarding the selling basis in Mississippi, *you are quite correct in your statement that where shipment is actually made by barge, the barge rate should be applied and payment 14 days from date of shipment.*

We have not shown differential shipment rates or terms on any of our freight supplements and this, therefore, was not included in Mississippi No. 3.

We hope in time to get out full information on differential rates, terms of payment, guarantee terms, etc., and are working on this now. It will be some time, however, before these sheets will be prepared.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Henderson files.)

4095 *Government Exhibit 457–Z4*

FEB. 27TH, 1930.

ANDALUSIA BROK. CO.,
Andalusia, Ala.

DEAR SIRS: We have your letter of the 26th in which you suggest that we do not press Andalusia Gro. Co. about the $20 due until they hear from C. & H. as to how the C. & H. proposes to handle their check from which they have deducted 5¢ to make their invoice billed at 5¢ basis to read the present 4.95 price. As we said we are willing to drift along for the moment but of course you must understand that we are going to get that money out of them just as soon as the C. & H. goes after them for the same basis. We have no doubt the C. & H. is going to demand the payment.

That trick of theirs in sending their check on C. & H. bills all the way to Frisco will do very well for a starter but they are going to have trouble there too as all this Southern district is supposed to collect their bills through the N. O. office of Seavy, Flatheim, local representatives of C. & H. It may be they can get by on those long-distance payments once or twice but they will soon find that they will not be permitted to do that either.

You go on to ask if we will give buyers option of barge or rail movement at their convenience and then bill f. o. b. N. O. No; we cannot do that and no other refiner will do it either. We will ship rail and bill f. o. b. N. O. but we most assuredly will not ship barge and bill f. o. b. N. O. The rail prepaid price governs all shipments to the Southeast and as long as the method of billing practically assumes that basis we are willing to go along with them on rail shipment with f. o. b. N. O. terms but we are not willing to break down the freight structure by letting car move barge and then bill on f. o. b. N. O. We are mighty sorry not to oblige you in this but we have announced our position all over the Southeast and will have to stick to it unless conditions change.

Yours truly,

WM. HENDERSON.

(Henderson files.)

4096 *Government Exhibit 457–A5*

CONNORS BROKERAGE CO.,
Memphis, Tenn., March 3, 1930.

WM. HENDERSON,
New Orleans, La.

GENTLEMEN: Acknowledging your letter of the 26th, in which you have advised it should not be long before the present freight application has been changed, we want you to know *we have capitalized to the best possible advantage among our trade on the fact that you are endeavoring to correct this condition.*

For your information, the Institute has written the Memphis jobbers that the matter of freight to Memphis out of New Orleans was a matter between the jobbers and the New Orleans refiners, that it was entirely up to the New Orleans refiners to handle this situation. With this letter was also mailed several post cards like the one attached which advertises the American Sugar Refinery. One or two of our jobbers wanted to know if the American Sugar Refinery was the guiding hand behind the Institute, inasmuch as the Institute so kindly mailed out their advertising.

Personally, I think this is very bad piece of business, and needs to be investigated by all of you down in New Orleans.

Yours truly,

CONNORS BROKERAGE COMPANY,
J. J. CONNORS.

(Henderson files.)

4097 *Government Exhibit 457–B5*

CONNORS BROKERAGE CO.,
Memphis, Tenn., March 18th, 1930.

WM. HENDERSON,
New Orleans, La.

GENTLEMEN: Banks Grocery Company have a car of Colonial sugar, and when the time comes for them to pay for this car they are going to pay for it at the barge rate of freight, and informed the Colonial people that if this is not satisfactory they can bring suit. Would not be surprised to see other jobbers follow suit.

Altho we were fortunate in getting a nice booking at $4.70, yet other New Orleans refiners did not do so well, for both Texas and Savannah got some nice business here at $4.70.

Unless there is some change on this barge rate of freight we are apt to meet a stone wall on the next advance, insofar as bookings are concerned.

Yours truly,

CONNORS BROKERAGE COMPANY,
J. J. CONNORS.

(Henderson files.)

4098 *Government Exhibit 457–C5*

MAR. 19TH, 1930.

CONNORS BROK. CO.,
Memphis, Tenn.

DEAR SIRS: If the Banks Gro. Co. pay the Colonial for their car based on barge rate in the face of the fact that their contract provided for rail prepaid basis, we do not see how they can by any means defend suit which Colonial will undoubtedly bring.

The talk of putting your city back on the barge basis came to nothing because the other refiners doing business in that market who did not enjoy the barge routing said in a very plain and unmistakable way that if we did they were going to put in the rail shipment, barge rate again and that is something we have no wish to have happen. To utterly kill the possibility, at least for the time being, was the fact that for February and March in the face of sharp cut in price of redined, all of us are going to use red ink to show losses instead of the profits which everybody seems to think we clean up with on every occasion.

The company behind Somerville Cash Who. Co., W. S. Shinault, have an excellent rating, and therefore we are shipping these people assortment given in your wire on open terms. We are including the containers Powdered and OFB which is in line with promise made you to see that buyer gets complete assortment.

Yours truly,

WM. HENDERSON.

(Henderson files.)

4099 *Government Exhibit 457–D5*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, May 5, 1930.

Mr. C. C. VIRGIL,
National Grocer Company, Detroit, Michigan.

DEAR MR. VIRGIL: Your letter of May 2 addressed to Mr. P. T. Green, Saginaw, Michigan, has been forwarded to us for our attention.

We regret that your invoice was incorrectly priced and we are issuing corrected billing at 49½ cents plus prepay instead of 66 cents. The prevailing freight rate charged on shipments to Sault Ste. Marie is 49½ cents plus prepay, whether shipment moves via lake and rail or all rail, but the ruling also states that the guarantee to Sault Ste. Marie applies only on all-rail shipments. Therefore, to give you the advantage of the lowest possible freight rate and also the guarantee, the writer ordered your shipment to move via all rail, and we feel sure that you will agree with us in this routing. Had the car been shipped lake and rail the rate would have been 49½ cents plus prepay, but you would not have had the benefit of the guarantee.

This ruling is a most peculiar one and means that the refiners are compelled to absorb in order to have the guarantee apply on all-rail shipments. This may be changed at some later date; however, until that time we must abide by it.

With kind personal regards and best wishes,

Sincerely yours,

J. A. MONET, *Sales Manager.*

4100 *Government Exhibit 457–E5.*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, March 18, 1930.

MR. GEORGE B. WRIGHT,
Freight Traffic Manager,
Detroit & Cleveland Navigation Co., Detroit, Michigan.

DEAR MR. WRIGHT: Responding to your letter of March 15th, file 356, in reference to a meeting held with carriers operating on the New York Barge Canal and the Great Lakes.

The meeting was called to discuss the question as to *whether uniform contracts* for an affreightment could be arranged for the year 1930, *the position of our company being that the only way to stabilize this service would be to have uniform contracts setting forth specifically just what the water lines were willing to do.*

We desire to have openly announced rates and terms, and an *understanding that these terms were not to be deviated from in any way* except upon announcement.

I shall be glad to talk this situation over any time you are in this vicinity.

Very truly yours,

P. M. RIPLEY, *Traffic Manager.*

4101 *Government Exhibit 457–F5*

MARCH 19, 1930.

MR. EVAN T. FISHER,
The Sugar Institute, Inc.,
New York, N. Y.

DEAR EVAN: Referring to our telephone conversation yesterday, I enclose copy of my letter of April 3rd, 1928, addressed to Judge Ballou, and copy of Judge Ballou's reply of the 4th. These letters do not appear to have much significance regarding the subject you are *investigating.*

Referring to my letter of April 11th to Judge Ballou, I want to draw your attention to the fact that the ocean-and-rail rates to most points in the Lower Peninsula of Michigan do not carry any differentials below the Philadelphia rail rates. Our absorption of 2¢ on such shipments merely corrects a defect in the railroad tariffs to these points and *does not give the buyer any discriminatory advantage beyond a differential rate, to which he is entitled, due to the fact that*

he has taken shipment over a differential route. Both Judge Ballou and Mr. Raymond understood this situation thoroughly, I am sure. I am surprised that there is any question about it at this time.

Yours sincerely,

LOUIS V. PLACÉ, Jr.

(Handwritten notation:) See minutes of Exec. Com. 4/3/30.
(McCahan files.)

4102 *Government Exhibit 457–G5*

MARCH 24, 1930.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc.,
New York, N. Y.

DEAR EVAN: Referring to the Institute's "Selling Terms" sheets for Illinois No. 1 and Indiana No. 1, I beg leave to direct your attention to announcements made by all refiners at approximately the same time that we (McCahan) made our Announcement No. 29, dated April 1st, 1929. In the absence of any subsequent notice, the terms quoted in the above announcements should be in force.

Referring to the Institute's "Selling Terms" sheet for New York No. 1, I believe you are wrong in stating that "Eastern Differential Terms: 2% if paid within 7 days after shipment." If you will refer to our Announcement No. 29, dated April 1st, 1929, as well as to announcements made by other refiners at that time, you will note that (1) combination rail and water shipments east of Lake Michigan and east of the Indiana-Illinois State line and (2) all-water shipments east of Buffalo take "arrival" terms. This naturally includes the State of New York.

Yours sincerely,

LOUIS V. PLACÉ, Jr.

(Handwritten notation:) Corrected in N. Y. No. 2.
(McCahan files.)

4103 *Government Exhibit 457–H5*

MARCH 25, 1930.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

DEAR EVAN: I am in receipt of the Institute's "Selling Terms" sheet for Michigan No. 1.

According to our Announcement No. 29, dated April 1st, 1929, combination rail and water shipments to the Lower Peninsula of Michigan (other than ports on Lake Michigan) take "arrival" terms.

Yours sincerely,

LOUIS V. PLACÉ, Jr.

(Handwritten notation:) Corrected in Michigan No. 2.
(McCahan files.)

4104 *Government Exhibit 457–I5*

MARCH 29, 1930.

DEAR EVAN: I have received the Institute's "Selling Terms" sheet for Iowa No. 1.

Under "Guarantee Terms" you state: "Guaranteed against seller's price if lower on date of arrival of shipment at destination * * *." I believe you should add: "or of delivery from consignment."

You also state: "* * * in no event will guarantee or calling privilege extend beyond 30 days."

I beg leave to draw your attention to the following facts: (1) Both the guarantee and the call privilege extend to date of arrival (even if beyond the 30th day) in cases where direct shipping instructions have been filed on or before the 30th day; (2) Both the guarantee and the call privilege extend to the date of delivery from consignment (even if beyond the 30th day) provided delivery is taken on or before the 42nd day.

You further state: "Buyer shall have the privilege to call at seller's price at time of call any sugar undelivered or un-
4105 shipped." I beg leave to draw your attention to the fact that the call privilege extends to direct shipments in transit at the time of call.

Under "Special Terms" you state: "Rail or Eastern Differential shipments against non-guaranteed contracts invoiced at New Orleans barge rate * * *." I believe this should have been made to read: "Rail or Eastern Differential shipments against non-guaranteed contracts to points where the New Orleans barge rate has been announced as applicable to such shipments * * *."

Yours sincerely,

LOUIS V. PLACÉ, Jr.,

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.
(Mr. Cahan files.)

4106 *Government Exhibit 457–J5*

APRIL 1, 1930.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

DEAR EVAN: In the Institute's "Selling Terms" sheet for Michigan No. 2, where you say "Freight Selling Terms", shouldn't this be "Rail Shipment Terms"?

Yours sincerely,

LOUIS V. PLACÉ, Jr.

(McCahan files.)

4107 *Government Exhibit 457–K5*

APRIL 4, 1930.

DEAR EVAN: I have before me a number of "Selling Terms" sheets recently issued by the Institute. I want to draw your attention to several items:

(1) Combination Rail and Water Shipments: In accordance with our Announcement No. 31, dated April 15th, 1929, on eastern combination rail-and-water shipments to: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, North Dakota, Wisconsin, Lake Michigan ports of the Lower Peninsula of Michigan and the entire Upper Peninsula of Michigan, "date discount period commences" is "3 days after shipment" only provided the freight rate over the route used is *lower* than the ruling freight basis. In all other cases, on eastern combination rail-and-water shipments to the above territory, "date discount period commences" is the "date of arrival at destination."

(2) All-Water Shipments: In accordance with our Announcement No. 31, dated April 15th, 1929, on all-water shipments to: Illinois, "date discount period commences" is "7 days after shipment."

Also in accordance with our Announcement No. 31, dated
4108 April 15th, 1929, on all-water shipments to: Florida, "date discount period commences" is "date of arrival at destination." This is so, whether the water rate is the selling basis or not. Therefore, these are not "Special Terms."

(3) Special Terms: There are no "special terms" extended in Gary and Hammond, Ind.

(4) Illinois: This State should show the same "Special Terms" shown in Iowa No. 3.

Yours sincerely,

LOUIS V. PLACÉ, JR.

MR. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

(Handwritten notation:) Illinois, No. 3, 4/3; Florida, No. 5, 4/3; Indiana, No. 3, 4/3; Iowa, No. 3, 4/2; Kansas, No. 2, 4/1; Michigan, No. 4, 4/2; Missouri, No. 3, 4/1; Nebraska, No. 3, 4/1; N. Dakota, No. 3, 4/2; S. Dakota, No. 3, 4/2; Wisconsin, No. 2, 4/2.

(McCahan files.)

4109 *Government Exhibit 457–L5*

THE SUGAR INSTITUTE, INC.,
April 11, 1930.

Selling terms—Wisconsin, No. 3

Cancels Wisconsin No. 2 and contains all changes

The following terms are taken from Refiners' contracts and announcements now in effect:

Rail shipment terms: 2% if paid within 7 days after arrival.

Consignment delivery terms: 2% if paid within 7 days after date of withdrawal order.

Guarantee terms: Guarantee terms have been announced.

Differential terms—Eastern Differential Shipments: All-water shipment to Lake Ports, discount period commences 7 days after date of shipment. Rail & Water shipment, discount period commences 3 days after date of shipment except to points where Philadelphia Rail & Lake rate is selling basis. Where this rate is the selling basis shipments moving Philadelphia Rail & Lake are 2% if paid within 7 days after arrival.

Barge Shipments from New Orleans: 2% if paid within 14 days after date of shipment.

Special terms: Split billing, 60,000-pound cars. Eau Clair, Chippewa Falls, and Menomonie only. 1st 40,000 lbs., 2% if paid within 7 days after date of arrival. 2nd 20,000 lbs., 2% if paid within 14 days after date of arrival.

(Handwritten notation:) See letter to Mr. Fisher 4/4.

(McCahan files.)

4110 *Government Exhibit 457–M5*

APRIL 16, 1930.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

DEAR EVAN: Have you studied my letter of April 4th regarding various "Selling Terms" sheets?

Outside of Illinois (under paragraphs No. 1 and 3 of my letter) none of the errors pointed out by me have so far been corrected.

Yours sincerely,

LOUIS V. PLACÉ, Jr.

(McCahan files.)

4111 *Government Exhibit 457–N5*

APRIL 21, 1930.

DEAR EVAN: Referring to my letters of April 4th and 16th and to our conversation in New York on the 17th, I have before me several "Selling Terms" sheets, dated the 16th, which embody the corrections suggested in my letter of the 4th and for which I thank you. However, you seem to believe that the following "Selling Terms" sheets are correct as they stand:

Indiana. No. 3.
North Dakota, No. 3.
Wisconsin, No. 3.
Michigan, No. 5.

I do not agree with you for the following reasons:

Indiana.—According to our Announcement No. 31, dated April 15th, 1929, on eastern combination rail and water shipments, the

"date discount period commences" is "3 days after shipment" whenever the rate over the route used is lower than the ruling freight basis. This means that, irrespective of "delivered prices" on all differential shipments to the entire State (except Gary and Hammond) the "date discount period commences" is "3 days after shipment." At Gary and Hammond, on all differential shipments moving over routes carrying a rate lower than the Philadelphia Rail and Lake route, the "date discount period commences" is likewise "3 days after shipment." Gary and Hammond are *not* sold on "Special Terms", since the terms applied there are part of the fundamental rule established in our Announcement No. 31, dated April 15th, 1929.

(Hand-written notation:) My error. The phrases quoted are from a paragraph whose application is limited to territory *west of* the Ill.-Ind. State line. Therefore, differential shipments to Ind. (as well as to other Eastern States) from the East are on arrival terms.

North Dakota, Wisconsin, and Michigan.—The terms of our Announcement No. 31, dated April 15th, 1929, apply whether the shipment moves by Rail and Lake or by any other route. However, though not strictly accurate or broad enough, nevertheless, in actual practice, the wording used by you is probably sufficient.

Yours sincerely,

Mr. EVAN T. FISHER,
LVP/HB.

The Sugar Institute, Inc., New York, N. Y.
(McCahan files.)

4112 *Government Exhibit 457–05*

THE SUGAR INSTITUTE, INC.,
October 21, 1930.

Selling Terms

Wisconsin No. 4. Cancels Wisconsin No. 3 and contains all changes

The following terms are taken from Refiners' contracts and announcements now in effect:

Rail shipment terms.—2% if paid within 7 days after arrival.

Consignment delivery terms.—2% if paid within 7 days after date of withdrawal order.

Guarantee terms.—Guarantee terms have been announced.

Differential terms.—Eastern Differential Shipments: All-water shipment against nonguaranteed contracts, except Green Bay and Milwaukee, discount period commences 7 days after date of arrival. Rail & Water shipment, discount period commences 3 days after date of shipment except to points where Philadelphia Rail & Lake or C. A. T. line rate is selling basis. On shipments over these routes the terms are 2% if paid within 7 days after arrival.

Barge Shipments from New Orleans against Nonguarantee Contracts—2% if paid within 7 days after date of arrival except at Green Bay and Milwaukee where terms are 14 days after shipment.

Special terms—

Split Billing—60,000-pound cars. Eau Claire, Chippewa Falls, and Menominee only.

1st 40,000 lbs.—2% if paid within 7 days after date of arrival.

2nd 20,000 lbs.—2% if paid within 14 days after date of arrival.

The above terms have been announced by Great Western Beet as applying also to Rice Lake, Ladysmith, and Marshfield.

(McCahan files.)

4113 *Government Exhibit 457–P5*

NOVEMBER 7, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: Confirming verbal conversation during the writer's visit to New York on October 23rd, there are several points regarding your "Selling Terms" sheets for Michigan (No. 6) and Wisconsin (No. 4) which, in our opinion, need to be cleared up.

In the case of Michigan, we wonder what the payment terms are on Eastern Differential shipments to ports (on Lake Michigan) located in the Lower Peninsula.

In the case of Wisconsin, we wonder what the payment terms are on all-water shipments, against nonguaranteed contracts, to Green Bay and Milwaukee. We also wonder if all-water and barge shipments may be made against guaranteed contracts either to Green Bay and Milwaukee or to the rest of the state. While it is true that the Rail & Lake and the C. A. T. line rates have been established as the selling basis in Wisconsin and while it is true that therefore all Eastern Rail & Water shipments escape the payment terms of "3 days after shipment" shown by you, nevertheless it is a fact that such payment terms could not be enforced anyway because of the arrival terms granted by barge.

For your information we enclose one of our contract forms showing the payment terms officially quoted by us.

Yours very truly,

LOUIS V. PLACÉ, JR.

(McCahan files.)

4114 *Government Exhibit 457–Q5*

THE SUGAR INSTITUTE, INC.,
February 20, 1931.

Selling Terms

Wisconsin No. 5. Cancels Wisconsin No. 4 and contains all changes

The following terms are taken from Refiners' contracts and announcements now in effect:

Rail shipment terms.—2% if paid within 7 days after arrival.

Consignment delivery terms.—2% if paid within 7 days after date of withdrawal order.

Guarantee terms.—Guarantee terms have been announced.

Differential terms.—Eastern Differential Shipments: All water shipment against nonguaranteed contracts, *except Green Bay and Milwaukee*, discount period commences 7 days after date of arrival. Rail & Water shipment, discount period commences 3 days after date of shipment except to points where Philadelphia Rail & Lake or C. A. T. line rate is selling basis. On shipments over these routes the terms are 2% if paid within 7 days after arrival.

Barge Shipments from New Orleans against Nonguarantee Contracts.—2% if paid within 7 days after date of arrival except at Green Bay and Milwaukee where terms are 14 days after shipment.

Special terms.—Split billing—60,000-pound cars at following points only: Eau Claire, Rice Lake, Chippewa Falls, Ladysmith, Menominee, Marshfield.

1st 40,000 lbs.—2% if paid within 7 days after date of arrival.

2nd 20,000 lbs.—2% if paid within 14 days after date of arrival.

NOTE.—C. & H. and Western have announced that they apply the above split billing terms at Rice Lake, Ladysmith, and Marshfield on barge shipments also.

(McCahan files.)

4115 *Government Exhibit 457–R5*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 20, 1931.

We have an inquiry from a member regarding the announced selling terms on water shipments to Wisconsin.

Will you kindly advise us what your announced terms covering the discount period are, both on all-water or rail-and-water shipments. If you make any different terms at Green Bay and Milwaukee than you do for the rest of the State, please give us your announced terms covering both the state and these two cities.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(McCahan files.)

4116 *Government Exhibit 457–S5*

FEBRUARY 24, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: We are in receipt of your circular inquiry of February 20, concerning announced terms on water shipments to Wisconsin.

In reply we advise you that our Announcement #31, dated April 15, 1929, covers your inquiry. The provisions of that announcement are incorporated in our contracts, a specimen of which is here en-

closed. Paragraph five (5) thereof covers all-water shipments while other forms of shipments are covered by paragraphs three (3) and four (4).

Yours very truly,

W. M. MANKIN.
H. W. W.

(McCahan files.)

4116a *Government Exhibit 457–T5*

All-Water Shipments

Green Bay, we pay Rail and Lake 51, all water—normally 34.

We have no announcement excluding Green Bay & Mil. that latest A. M. possibly should be charged.

TOLEDO, PEORIA & WESTERN RAILROAD.

4117 *Government Exhibit 457–U5*

FEBRUARY 27, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: Will you kindly refer to your "Sheet #5—Wisconsin—Selling Terms", copy of which we received several days ago? With reference to your notation regarding all water shipments, we advise that our Announcement #31, dated April 15, 1929, section (5) reads "On all-water shipments to Lake Ports west of Buffalo, the date discount period commences is 7 days after date of shipment."

With further reference to your communication, we are wondering what are the payment terms of other refiners on all-water shipments, against nonguaranteed contracts, to Green Bay and Milwaukee.

Yours very truly,

W. M. MANKIN.
H. W. W.

(Handwritten notations:)
Partially adjusted by #6 (except Green Bay & Mil.). M. 5/6.
#6—We are still wondering. M. 5/6.
(McCahan files.)

4118 *Government Exhibit 457–V5*

THE SUGAR INSTITUTE, INC., *April 30, 1931.*

Selling Terms, Wisconsin, No. 6
Cancels Wisconsin No. 5 and contains all changes

The following terms are taken from Refiners' contracts and announcements now in effect:

Rail shipment terms.—2% if paid within 7 days after arrival.

Consignment delivery terms.—2% if paid within 7 days after date of withdrawal order.

Guarantee terms.—Guarantee terms have been announced.

Differential terms.—(Non-guarantee Contracts only.)

Eastern differential shipments, all-water shipment *except Green Bay and Milwaukee* [why?], 2% if paid within 14 days after date of shipment. Rail and Water shipment, discount period commences 3 days after date of shipment except to points where Philadelphia Rail & Lake is selling basis. On shipments over this route the terms are 2% if paid within 7 days after arrival.

Barge shipments from New Orleans, 2% if paid within 7 days after date of arrival except at Green Bay and Milwaukee where terms are 14 days after shipment.

Special terms.—

Split billing, 60,000-pound cars at following points only: Eau Claire, Rice Lake, Chippewa Falls, Ladysmith, Menominee, Marshfield.

1st 40,000 lbs., 2% if paid within 7 days after date of arrival.

2nd 20,000 lbs., 2% if paid within 14 days after date of arrival.

NOTE.—C. & H. and Western have announced that they apply the above split billing terms at Rice Lake, Ladysmith, and Marshfield on barge shipments also.

(McCahan files.)

4119 *Government Exhibit 457–W5*

MAY 20, 1930.

NATIONAL SUGAR REF. CO.,
129 Front St., New York, N. Y.

GENTLEMEN: Enclosed you will find shipping order for one carload of 114 barrels Medium Granulated Sugar to complete contract B–2436 which was entered through Lamborn & Company.

We are specifying shipment via barge c/o D. & C. Navigation Co., at Buffalo, N. Y., freight charges collect. If you refuse to comply with these instructions we authorize you, without prejudice to ourselves, to make shipment via rail, freight charges prepaid. In any case, we will expect to hear from you as to the routing you employ for this shipment and in the event that you do not ship via water routing, we ask you to outline the reason for not doing so.

Yours very truly,

PARKE, DAVIS & COMPANY.

4120 *Government Exhibit 457–X5*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
New York City, June 16, 1930.

Messrs. PARKE, DAVIS & COMPANY,
Detroit, Mich.

GENTLEMEN: We are in receipt of your communication of May 20, 1930, requesting that 114 barrels of granulated sugar, the balance of a lot of 250 barrels be shipped you by Barge c/o D. & C. Navigation Company.

We cannot comply with this request. The contract entered into by you for the purchase of this sugar provided that this company reserve the right to route the shipments, adding the freight to destination to the price. Under this contract we will ship this lot to you via all rail Detroit, adding to the price fixed in the contract the freight charge to this point.

In your letter you request that the reason for not observing your shipping directions be outlined. In reply to this we beg to state that the observance of the contract provision is rendered necessary in order to insure economy of operation at this point and the *stabilization of trade conditions in Detroit.*

Yours very truly,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
JAMES W. POST, *President.*

4121 *Government Exhibit 457–Y5*

[Telegram]

NEW YORK, N. Y., *22—11:58 a. m.*

WM. HENDERSON,
New Orleans, La.:

Notice: Seventeen. American announces quote effective opening business May twenty-first in guarantee territory reduce price to basis four seventy commencing with this four-seventy price on all new business will ap'ly our deivered prices in effect at Chicago and points in Chicago switching district Milwaukee, Duluth, and Greenbay in effect prior March sixth nineteen thirty on all new business at four-seventy price will apply delivered prices on all sugar sold for delivery in Illinois, Wisconsin, Minnesota to such territory; *will not accept orders for delivery for our refinery and delivered prices constructed as provided below will ap'ly regardless routing in Illinois* excepting Chicago and points in Chicago switching district Philadelphia all-rail rate or New Orleans all-rail rate which is lower plus tare will be used to make delivered price in Wisconsin and Minne-
4122 sota, excepting Greenbay, Philadelphia all-rail rate Philadelphia rail-and-lake rate or New Orleans all-rail rate whichever

lower plus tare will be used to make delivered price above rates will be applicable on direct shipments in carloads from our refineries or from transit stocks and on deliveries from consigned stocks in these states. Actual rates furnished on application.

THE SUGAR INSTITUTE.

(Henderson files.)

4123 *Government Exhibit 457–Z5*

[Telegram]

NEW YORK, N. Y., *23—9:29 a. m.*

WM. HENDERSON:

Notice twenty-one. Spreckels announces effective opening May twenty-first basis four-seventy Midwest guarantee territory and same delivered price rates and terms as announced by American notice seventeen.

THE SUGAR INSTITUTE.

(Henderson files.)

4124 *Government Exhibit 457–A6*

[Telegram]

NEW YORK, N. Y., *23—10:53 a. m.*

WM. HENDERSON:

Notice twenty-two. McCahan announces same delivered price, rates, and terms as announced by American notice seventeen.

THE SUGAR INSTITUTE.

(Henderson files.)

4125 *Government Exhibit 457–B6*

[Telegram]

NEW YORK, N. Y., *23—4:03 p. m.*

WM. HENDERSON,
New Orleans, La.:

Notice twenty-three. National announces, effective opening May twenty-first, in guarantee territory in States Illinois, Wisconsin, Minnesota, and upper peninsula Michigan, list price four-seventy. Same delivered price, rates, and terms as announced by American notice seventeen with upper peninsula Michigan on same basis as Wisconsin and Minnesota.

THE SUGAR INSTITUTE.

(Henderson files.)

4126 *Government Exhibit 457–C6*

THE SUGAR INSTITUTE, INC., *May 23, 1930.*

See Notice 23

Announcement made by *National*, in full:

"Effective at the opening of business May 21 in guarantee territory in the States of Illinois, Wisconsin, Minnesota, and the Upper Peninsula of Michigan, except as amended below, our list price is 4.70.

"In Chicago and points within Chicago switching district and Milwaukee we quote delivered prices composed of our basis price plus the Philadelphia Rail & Lake rate of 49½¢; at Green Bay a delivered price composed of our basis price plus freight rate of 54½¢.

"Also effective at the opening of business May 21 we will apply delivered prices on all sugars sold for delivery irrespective of whether shipment is made direct from Refinery or from in-transit stock or from consignment stock to the following territory: In the State of Illinois, except Chicago and Chicago switching district, we will add to our basis price the Philadelphia All-Rail rate or the New Orleans All-Rail rate, whichever is lower. In the State of Wisconsin, excepting Milwaukee and Green Bay, in the State of Minnesota, and in the Upper Peninsula of Michigan we will add to our basis price either the Philadelphia All-rail rate, the Philadelphia rail & Lake rate, or the New Orleans All-rail rate, whichever is lower.

"The above delivered prices are subject to our customary prepaid rate schedules and will apply regardless of routing."

(Henderson files.)

4127 *Government Exhibit 457–D6*

THE SUGAR INSTITUTE, INC.,
May 23rd, 1930.

See Notice 19

Announcement made by Pennsylvania in full:

"Effective at the opening of business May 21st in guarantee territory we reduce our price to basis 4.70¢.

"Commencing with this 4.70¢ price on all new business we will apply our delivered prices in effect at Chicago and points in the Chicago switching district, Milwaukee, Duluth, and Green Bay in effect prior to March 6, 1930.

"On all new business at the 4.70 price we will apply delivered prices on all sugar sold for delivery in the States of Illinois, Wisconsin, and Minnesota. To such territory we will not accept orders for delivery f. o. b. our refinery, and the delivered prices constructed as provided below will apply regardless of routing.

"In the State of Illinois, excepting Chicago and points in the Chicago switching district, the Philadelphia all-rail rate or the New

Orleans all-rail rate, whichever is lower (plus tare), will be used to make our delivered price.

"In the States of Wisconsin and Minnesota, excepting Green Bay, the Philadelphia all-rail rate, the Philadelphia rail-and-lake rate, or the New Orleans all-rail rate, whichever is lowest (plus tare), will be used to make our delivered price.

"The above rates will be applicable on direct shipments in carloads from our refinery or from transit stocks and on deliveries from consigned stocks in these states. Actual rates will be furnished on application."

See Notice 21

Announcement made by Spreckels in full:

"Effective at opening May 21st, in that part of the midwest Guarantee Territory not specifically mentioned below, our basis price is $4.70.

"In Chicago (and points in Chicago switching district), Milwaukee, Duluth, and Green Bay we quote a delivered price made up of basis price plus freight application in effect prior to March 5, 1930.

"Effective at opening May 21st we will apply delivered prices on all sugar sold for delivery in Illinois, Wisconsin, and Minnesota. Such delivered prices will be computed as follows, irrespective of actual routings:

"In Illinois, except Chicago, we will use the Philadelphia all-rail application or the New Orleans all-rail application, whichever is lower, plus our basis price, to make the delivered price.

"In Wisconsin (except Green Bay) and Minnesota we will use the Philadelphia all-rail application, the Philadelphia rail-and-lake application, or the N. O. all-rail application, whichever is lower, plus our basis price, to make the delivered price.

"The above delivered prices will be applicable on direct shipments in carloads from our refinery or from transit stocks and on deliveries from consigned stocks in these States. Actual delivered prices will be furnished on application.

"Effective at opening May 21st basis price to be used in computing aforesaid delivered prices is $4.70."

(Henderson files.)

4128 *Government Exhibit 457–E6*

THE SUGAR INSTITUTE, INC.,
May 23rd, 1930.

See Notice 22

McCahan's announcement in full:

"* * *. Effective immediately, until further notice, on new business on direct shipments and deliveries from consignments where available at all points within the state of Illinois, except at Chicago and the Chicago Switching District, we shall apply the prepaid New

Orleans all-rail rate or the prepaid Philadelphia all-rail rate, whichever is lower.

"At all points in the states of Wisconsin, except Green Bay, and Minnesota, we shall apply the Philadelphia all-rail rate, the Philadelphia rail and lake rate or the New Orleans all-rail rate, whichever is lowest.

"The addition of the prepaid freight rates to our basis price will constitute our delivered price at each city, which will supersede the f. o. b. Philadelphia quotation, irrespective of the route over which the shipment has moved.

"On direct shipments and deliveries from consignment at Chicago and the Chicago Switching District, we shall continue to apply the prepaid Philadelphia rail and lake freight rates of 51¢ on bags and 53.9 on other packages. At Green Bay, Wisconsin, we shall continue to apply the prepaid rate of 56.2¢ on bags and 59.4¢ on other packages."

(Henderson files.)

4129 *Government Exhibit 457–F6*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa., May 27, 1930.

DEAR EVAN: Our Announcement No. 40, dated May 23rd, was reported in the Institute's wire of May 23rd (Notice 22) and later on the same date the text of the announcement was circulated by the Institute by mail. However, this announcement has not been reflected in the Institute's "Freight Selling Basis" sheets. The same is true of similar announcements made by other refiners last week.

Unless these announcements are followed by other missing refiners, it is altogether possible that our Announcement No. 40 may be rescinded.

Yours sincerely,

LOUIS V. PLACÉ, JR.
LOUIS.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.
(Handwritten notation:) These have gone out.
(Institute files.)

4130 *Government Exhibit 457–G6*

ANDALUSIA BROKERAGE COMPANY,
Andalusia, Alabama, May 29th, 1930.

WILLIAM HENDERSON,
New Orleans, La.

GENTLEMEN: *Hershey's* brokers at Mobile, Hutchings & Billups, have sent out a letter to all the trade which reads about as follows:

"Effective immediately we will *ship you Sugar via rail from Mobile* giving you the *Barge rate from New Orleans.* This puts us

back on the "old basis", and since we can ship you promptly out of Mobile it will save about three days' time over New Orleans. We are now packing our Sugar in WHITE COTTON BAGS and earnestly solicit your orders."

Now, the buyers say that the "old basis" they refer to means that New Orleans Refiners will have to ship by rail and apply the barge rate to meet this Hershey competition, and the letter they have sent out to the trade indicates that they will not require payment 14 days after shipment when they apply this barge rate. They leave the impression that the buyer will get the barge rate via rail and can pay for the Sugar on the four-payment plan as heretofore.

Won't you please advise us IMMEDIATELY, as we want to be in position to get some of the Sugar business that will be placed as soon as the market changes. All things being equal, we don't believe they will get much business in our territory, but if they have a better proposition they will hurt us badly.

Very truly yours,

ANDALUSIA BROKERAGE COMPANY.
E. V. PLESS.

(Henderson files.)

4130a *Government Exhibit 457–H6*

MAY 30TH, 1930.

ANDALUSIA BROK. CO.,
Andalusia, Ala.

DEAR SIRS: We feel dead sure that Hutchings & Billups have exceeded their authority in the announcement they sent out. Unfortunately, the Institute is closed to day and tomorrow, but we have asked for a wire early Monday morning to get *the whole thing straight once and for all.* We will advise you immediately that we hear from New York. In the meantime we want to thank you for your prompt posting of what was going on.

As you correctly say, if the *Hershey announcement stands up we shall have to meet it, but it will occasion so heavy a loss we are going to try to block it, as indicated above.*

Yours truly,

WM. HENDERSON.

4130b *Government Exhibit 457–I6*

JUNE 13TH, 1930.

R. G. MCCARTY BROK. CO.,
Birmingham, Ala.

DEAR SIRS: We would like to give you full authority to meet Hershey, Snow White, and all the other *outlaw refineries, but the best we can do is to stick to the Institute* crowd and with them barge rate can only be obtained by ordering barge shipment direct from N. O.

Your people overlooked a bet when they did not come in last week when we offered guarantee plus rail shipment, barge rate.

Yours truly,

WM. HENDERSON.

4131 *Government Exhibit 457–J6*

ANDALUSIA BROKERAGE COMPANY,
Andalusia, Alabama, June 28th, 1930.

WILLIAM HENDERSON,
New Orleans, La.

GENTLEMEN: We don't like to complain, but Hershey is now shipping his Sugar in white Cotton bags and giving our buyers the barge rate and shipment by Rail.

The barge rate saves the buyer 5¢ per cwt., or $20.00 per car; and there is no question about it, gentlemen, they are going to get TOO MUCH of the Sugar business unless we can meet the competition. They are booking Sugar on this basis, effective June 30th, and some of our buyers have already told us that unless we can meet the barge rate offered by Hershey they will be compelled to buy where they can save this $20.00, provided they buy any at all on this change. Most buyers are too heavily booked to buy much at this time, but, if they do buy any, they will naturally see this $20.00 standing before them like a mountain and will grab it.

Please let us hear from you as quickly as possible.

Very truly yours,

ANDALUSIA BROKERAGE COMPANY,
E. V. PLESS.

(Henderson files.)

4132 *Government Exhibit 457–K6*

[Telegram—Day letter]

JUNE 30, 1930.

ANDALUSIA BROK. CO.,
Andalusia, Ala.:

Answering your letter twenty-eighth about Hershey rail shipment barge rate, suggest you reread Hershey's circular copy, of which we sent you a week ago Stop. We can ship barge Friday which is transshipped Monday to all your territory which gives buyer barge rate Stop. *Hershey had to offset this and positively guaranteed not to ship by rail with barge rate except Mondays when our shipments were going through Mobile on barge rate Stop. This is practically no advantage to Hershey buyers and ought not to affect your sales.*

WM. HENDERSON.

(Henderson files.)

4133 *Government Exhibit 457–L6*

JUNE 30, 1930.

Mr. G. M. TALMAGE,
c/o O. C. Holland & Co.,
Montgomery, Ala.

DEAR SIR: When I found a few months ago that Ricau had gone to Chicago at Godchaux's expense I was not surprised. Big buyers all over get trips from them, but I agree with you that buying business in that way is unethical, to say the least; but when I talked about it in the East I did not get very far—probably they were doing it and then some.

I received a letter this morning from Mr. Yeatman about territory around Batesville. He said you would look into this matter, but my recollection is you thought we better leave him with that immediate territory until he shows more what he can do. Am I correct?

Andalusia Brok. Co. is complaining bitterly about Hershey giving barge rate on rail shipments. We wired him that *Hershey has agreed to only make shipments on day our barge moves through Mobile, that is Monday, and that the rest of the week if it moves rail it will have to take rail rate.* That is what Hershey definitely promised to do, and *we have it in writing from them.*

Yours truly,

WM. HENDERSON.

[Henderson files.]

4134 *Government Exhibit 457–M6*

JULY 23D, 1930.

CASH GRO. & SALES CO.,
Baton Rouge, La.

DEAR MR. HEBERT: I finally got hold of my friend in the Sugar Institute and had a long talk with him about that matter of *equalizing freight to Baton Rouge.* He said he had been studying the matter ever since I first discussed it several weeks ago, but the more he considered it the more he was convinced that it would be impossible to do more than make a general announcement to all the trade based on some regularly published tariff, either by rail or truck.

I gave him as an illustration the fact that you could yourselves haul cheaper than the quoted rate and that occasionally you could pick up a transfer company who would give you a special rate under special conditions, but he said that that could not be recognized as legitimate competition.

In other words, it all boils down to just about what I was afraid it would, that we can meet any publicly announced rate but any special or private rate cannot be met by us with a freight credit.

Pending *decision of representative of Institute, I have done nothing with the steamboat company, and that is the line I shall work along now.*

Yours truly,

WM. HENDERSON.

(Henderson files.)

4135 *Government Exhibit 457–N6*

Memorandum of Proceedings of the Traffic Committee, September 10, 1930

Pikeville, Ky.—4 Payment Plan.—A letter which had been received concerning the status of Pikeville as regards the four-payment plan was discussed. It was pointed out that the Institute freight sheet, Kentucky No. 4, specifically covered this point.

Absorption of Switching Charges at Detroit.—Attention was called to the fact that the resolution regarding the absorption of switching charges at Detroit was to be effective August 30th, 1930, and the Committee suggested that the Institute request the interested refiners to make a definite announcement that such absorption was being discontinued as of August 30th.

Freight Rates—New Haven, Conn.—Question was raised as to how Arbuckle arrived at the rate of 14.2 to New Haven. No action was taken.

Absorption of Switching Charges.—The proposed resolution drawn up by C. & H. regarding absorption of switching charges was discussed. It was the consensus of opinion that it would be proper to include Beaumont and New Orleans as further excepted points to this resolution. However, the Committee could see no reason for including "Duluth and other points", and instructed Mr. Patterson to wire C. & H. regarding this.

Switching Charges at Wilmington, N. C.—The Traffic Committee recommended that the resolution covering switching charges in Wilmington remain in statu quo.

Pool Car Shipments.—The question of shipping by pool cars was discussed at length. It was the opinion of the Committee that it should be permissible for a refiner to make shipment in his own name in care of the broker. To accomplish this it would be necessary to rescind Section VII, Paragraph 2 (a) and to precede Paragraph 3 of the same section with the words: "Except where shipment is made in pool cars in accordance with the provisions of Paragraph 2 (d)."

4136 *Government Exhibit 457–O6*

OCTOBER 28, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, New York.

GENTLEMEN: Answering your letter, File No. M–450, of October 17th, regarding sales of Colonial sugars in Arkansas, which were in transit via barge and diverted to buyers—the barge rate applying—it is obvious that an allowance of this character to a few selected customers in a given community creates a discrimination unless openly offered to all buyers alike, and under the circumstances we believe that an *investigation would be in order.* Needless to say, we request that the name of your informant be kept confidential.

The customers involved are A. G. Shibley, Luxora, Arkansas, and Arkansas Grocery Company, Blytheville, Arkansas. The sales were made on or about August 22nd, 1930.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LIMITED,
(Sgd.) WM. B. TYLER.

(C. & H. files.)

4137 *Government Exhibit 457–P6*

GODCHAUX SUGARS, INC.,
120 Wall Street, New York, N. Y., February 7, 1931.

Mr. CHARLES GODCHAUX,
New Orleans Office.

DEAR MR. CHARLES: I suppose you noted the announcement by National, followed by C. & H., as regards *absorbing switching charges* in Louisville, Kentucky.

I do not know what is the basis of this, unless it is that National are shooting at our A. & P. business in Louisville, and if action has not already been taken on this question, I suggest that we immediately communicate with Mr. Seibert and explain to him what National and C. & H. have done, and that we also issue corresponding announcement so that he can meet this competition if necessary.

Incidentally, I want to mention that you may, the first of the week, receive advice that C. & H. and National have withdrawn this announcement, because when I received same, *I immediately called up Fred Taylor* and told him that I felt he should not have released the National announcement, and that he should have insisted that National withdraw their public announcement, because the Directors' Meeting of last December approved a certain limited number of cities in which switching charges would be absorbed, and these did not include Louisville; also, the same Directors' meeting, by resolution, agreed that any action taken at the Directors' Meeting could not be nullified by the consenting members except on 15 days' notice.

It was just to *overcome* a situation of the *nullification of Code rulings and directorate actions by simply making public announcements that* the above action was taken by the Directors.

I feel that the proper procedure should have been, if National wanted to institute the absorption of switching charges at Louisville, for them to have advised the Institute, giving 15 days' notice of intent of doing same. This would have given the Institute officers a chance to discuss the point with National, or to have it discussed by the Executive Committee.

If Fred Taylor and the Institute Counsel agree with my position as mentioned above, then this is going to be one of issue to prove up the correctness thereof. I simply wanted to give you all facts so you would be thoroughly acquainted with just how this situation is being handled.

Very truly yours,

J. Moog.

(Godchaux files.)

4138 *Government Exhibit 457–Q6*

GODCHAUX SUGARS, INC.,
120 Wall Street, New York, N. Y., February 10, 1931.

Mr. CHARLES GODCHAUX,
New Orleans Office.

Subject: National announcement absorbing switching charges, Louisville, Ky.

DEAR MR. CHARLES: As indicated to you in my letter of February 7th, this matter has been under discussion between the Institute and myself, and this morning Fred Taylor advised me that Mr. Bruyn, of National, came up and discussed the matter with him and *admitted that they were wrong in making this announcement*, but that the situation had gone so far, by reason of other refiners following their announcement with similar announcements, they thought it inadvisable to withdraw same. Therefore, they add the city of Louisville to the cities already permitted where refiners will absorb switching charges.

National has agreed with the Institute to give them a letter, admitting their error, and this matter is to be made a subject for discussion by the Executive Committee and for broadcasting to the members as a means of calling attention of the membership to the fact that *announcements of this kind*, which conflict with the Code of Ethics and specific resolutions of the Directors, *cannot be made effective except on 10 days' notice.*

Very truly yours,

J. Moog.

(Godchaux files.)

4139 *Government Exhibit 457–R6*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 10, 1931.

To all members of the Sugar Institute:

GENTLEMEN: We have the following letter from the National:

"Referring to your notice of February 7 with reference to our announcement regarding the absorbing of switching charges at Louisville, Ky. *We regret extremely that due to a misunderstanding this announcement was made effective immediately contrary to the provisions of The Institute Resolution of September 25, 1930.*

"It will be our purpose in the future, where we have previously signified our intention to follow a recommendation of The Institute, to give the required ten days' notice to The Institute in advance of our intention to cease following such recommendation."

In circularizing this letter the Institute wishes to acknowledge equal responsibility with National in the matter in *having failed to challenge the announcement* which violated the provisions of resolutions adopted at our meeting of September 25th, 1930.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

4140 *Government Exhibit 457–S6*

DECEMBER 23, 1931.

EUBANK BROKERAGE COMPANY,
Waco, Texas.

GENTLEMEN: Yours of December 21.

The Sugarland people advise us they are going to add to their basis the Sugarland 12.4, which will make their price at Sugarland the same as our Houston price.

Furthermore, they have advised us right along it will not be their intention to permit any sugars to be picked up at Sugarland for truck movement. Of course, we are going to want *any information* that may come to our representatives which *would indicate they are not living up to this statement.* If they add the 12.4, there will really be no incentive to pick up at Sugarland as compared to Houston.

There are no jobbers in Sugarland. The only merchant there is the Imperial Mercantile Company, and they have always bought their sugar direct from the Imperial Sugar Company, that is, I mean the sugar for their own requirements.

Yours very truly,

Sales Manager.

ORA: AD.

(Texas files.)

4141 *Government Exhibit 458*

THE SUGAR INSTITUTE, INC.,
New York, April 2, 1928.

To all Members of the Sugar Institute, Inc.:

GENTLEMEN: In answer to inquiries from the C. & H. and the Western I am sending the following night letter. The request made of the two Pacific Coast refiners is equally applicable to all Members of the Institute.

"The Institute is today circulating blanks for weekly reports of all shipments over differential routes first on refiners' own account, second at customers' request Stop. Shipments on refiners' account will be sold on rail application until notice to contrary from some refiner to Institute which will be promptly repeated to all Stop. Meanwhile complete statistical totals will be furnished you weekly from which you can judge when total customers' shipments has assumed such proportions as to make it necessary for you to quote lake and rail application. *This will be in order any time you find it necessary to protect your interest, but kindly give careful consideration to statistics of shipments which will be sent you by wire and notify Institute before taking action Stop.* Eastern refiners are quoting terms of payment fourteen days after shipment for all water routes and ten days after shipment for all other differential routes."

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

4142 *Government Exhibit 459*

SEPTEMBER 13, 1928.

Mr. LOUIS V. PLACÉ,
W. & J. McCahan Sugar Ref'g. & Molasses Co.,
101 South Front Street, Philadelphia, Pa.

DEAR MR. PLACÉ: Replying to your letters of the 7th regarding, first, a reply that we were requested to make to the writer of the circular letter from South Bend, Indiana, will say that this was referred to Judge Ballou, and I think he has not gotten to it yet, although the letter addressed to the Gilmore Grocery Company would suitably answer most of the questions that are presented in the circular letter. I shall discuss this with the Judge and will supply you with a copy of any answer he may direct to them.

Replying to your other letter of the 7th instance referring to the matter of "Prevention of diversions of shipments", will say that I consider this a very vital subject, but it occurs to me that the more we say about it the more dangerous it becomes.

The I. C. C. Conference Ruling prohibiting the disclosure by the carrier to a shipper of the name and destination of the ultimate consignee of a shipment reconsigned in transit by the original consignee

would seem to make our job a difficult one if this rule is generally known to the buyers of sugar and they see fit to take advantage of it. I shall take this matter up again with Judge Ballou and also discuss it with Mr. Douglas, of the Domestic Sugar Bureau, while he is here and report to you the result of my effort.

Very truly yours,

FRED G. TAYLOR,
Ass't Executive Secretary.

4143 *Government Exhibit 459–A*

GODCHAUX SUGARS, INC.,
New Orleans, February 21, 1929.

Mr. H. G. THOMPSON,
The Imperial Sugar Co., Sugar Land, Texas.

DEAR MR. THOMPSON: In reference to the action of some of the Texas trade in buying sugar for shipment to certain points and reconsigning elsewhere after arrival at those points, in the interest of preventing this handling which brings about improper rate application we have this date issued instructions to our brokers representing us in Texas, reading as follows:

"Effective with any new business booked after this date for shipment to Texas points where we have been allowing customer freight equalization, such freight equalization will be allowed only when copy of paid expense bill is furnished us with request for allowance, or at our option sugars may be shipped on ruling freight-prepaid basis. Furthermore, bills of lading covering sugars shipped to such points will be made in the form of open bill of lading, but as destined to GODCHAUX SUGARS, care of individual customer to whom sugar has been sold."

Very truly yours,

J. MOOG, *Senior Vice President.*

(Imperial files.)

4144 *Government Exhibit 459–B*

[Letterhead of Godchaux Sugars, Inc., New Orleans]

FEBRUARY 28, 1929.

Judge SIDNEY BALLOU,
THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: Since my last trip to New York, I have had some correspondence with Mr. Placé in reference to the important question now under discussion of diversions of sugar in transit, especially the question of guarantee contract sugar being used in nonguarantee territory.

I have spent some time going into this matter with the railroad officials and with our attorneys, and the attached outline is the information which I have been given on this subject.

I also attach hereto for your files a set of our recently printed contract forms, in which you will note we have *changed our terms of arrival and payment to conform to the recent Institute ruling*, and, as a further endeavor to control diversions of cars in transit, we inserted the words "No change of destination en route by Buyer shall be made without the consent of Seller", but, as stated in the attached, our attorneys say this is simply a gesture, as it does not bind the railroad in any way to conform to same.

I would appreciate your comments on this matter, because this seems to be a very important question at the present moment.

Very truly yours,

J. Moog.

4145 *Government Exhibit 459–C*

[Telegram]

FEBRUARY 28, 1929.

Mr. J. Moog,
GODCHAUX SUGARS, INC.,
1012 Masonic Temple Bldg., New Orleans, La.

The Executive Committee has *fixed March eleventh* as the effective date of the resolution relating to prevention of switching or *diversion* of deliveries between territories *with different prices* or terms Stop. This subject only to your reservation regarding being able to frame a legal contract along these lines Stop. I cannot believe there is any serious objection on this score as American's form has long been in use and has proved satisfactory and efficacious Stop. The Domestic Sugar Bureau has adopted a similar resolution effective immediately besides which I have a letter from C. and H. not only heartily approving the proposition but also protesting against alleged present violation Stop. In view of attitude of our Western friends I think it important that they be assured as early as possible that this will go into effect in accordance with Committee's resolution, and I therefore urge prompt confirmation by yourselves.

THE SUGAR INSTITUTE.

4146 *Government Exhibit 459–D*

FEBRUARY 28, 1929.

Mr. LOUIS V. PLACE, JR.,
The W. J. McCahan Sugar Refining & Molasses Co.,
101 South Front Street, Philadelphia, Pa.

DEAR MR. PLACE: In further reference to the question of diversion of cars, since my last visit to New York I have been holding numerous conferences with our attorneys and the railroad officials. We have just had our guarantee contract form reprinted to include the new arrival and discount terms as agreed on by the Institute. I enclose you herewith one of our contracts.

You will note that our contract is an f. o. b. refinery contract, plus our prepaid basing freight rate for rail forwarding. You will also note in reading the terms of our contract that under Paragraph 5 the buyer has the calling privilege, and that sugar, when called, ceases to be subject to guarantee.

Under Paragraph 8 that we provide that delivery shall be considered complete on receipt of goods by initial carrier, which is similar to the clause of your contract.

Under Paragraph 9 you will note we reserve the option of routing and also provide that no change of destination en route by Buyer shall be made without the consent of Seller, and yet in view of all of these restrictions we are advised both by our attorneys and the railroads that same are all, under certain conditions, simply gestures, and not enforceable by law.

You state in your letter that contracts can be made morally enforceable, under the penalty of *blacklisting customers* who did not follow the wording of their contract, but you also go on to state in your letter that this is merely a [illegible] of making the necessary changes in the legal wording of the contract to make them legally enforceable.

In an endeavor to control this situation, we have issued a rule, insofar as the State of Texas is concerned, that sugar will be billed freight prepaid on a prepaid basis, or, at our option, if shipped freight collect to points where we equalize freights, then the deduction for freight equalization shall only be allowed *on return of paid expense bill*, and we have gone one step further, and said to such points we are going to show on the bill of lading covering the sugars from Godchaux Sugars to Godchaux Sugars, in care of the customer,

4147 and even with all of these gestures, our attorneys and railroads say we cannot prevent some diversions or stopping of the cars in transit.

With the Interstate Commerce Commission's definition of bill of lading terms and rules governing this matter, the only thing that is necessary is that the party desiring to make diversions or make stoppages in transit shall show that he is the rightful owner of the merchandise contained in the car.

We even went so far as to ask what would be the position if the buyer did not have the bill of lading to show this ownership, and the railroad replied that if he had an invoice from us showing the car number it would be accepted as evidence that it was his merchandise. In fact, as near as we have been able to ascertain, the only way of positively controlling the situation would be if the sugar was shipped on order notify bill of lading, sight draft attached, for payment at the city of destination prior to the surrender of the bill of lading. Then, of course, the buyer would have no evidence of ownership until he had paid for the car after its arrival at destination, but this, of course, we know is impracticable.

The reason why our attorneys say that all of these methods are simply gestures is that under the calling privilege of Paragraph 5, when such a call is made and accepted by the refiner, the guarantee, which is the controlling factor of the contract, ceases, and therefore there is no legal basis for the contention on the part of the refiner that he was trying to control the destination by reason of its being guaranteed sugar, as by calling the buyer has waited that restriction.

Under Paragraph 8, on Delivery, we say that the delivery shall be considered complete by the receipt of the goods by the initial carrier, after which the goods are at Buyer's risk. Our lawyers say that, inferentially, if the goods are at the buyer's risk, there is a waiver of control by the refiner, and the buyer has the right to do what in his best judgment is proper to minimize any risk in regard to his final realization for this merchandise.

Under Paragraph 9, on Routing, we say that no change of destination en route by Buyer shall be made without consent of Seller. This does not in any way restrict the transactions between the buyer and the railroad but is only a contractural obligation between the buyer and ourselves, and is therefore a matter which must be enforced by law; and we all know that if there is a difference on a car of sugar between the guarantee call price and the nonguarantee price, or a difference in the price of sugar between the price at which it was sold and the basis of the market on a decline on the guarantee of,
4148 say, 10¢ per cwt., or $60 per car, none of us would enter into a litigation to collect an item of this kind.

It therefore becomes, as you say, a matter of moral enforcement, which, in turns, means a decision on the part of the refiner not to sell buyers who do something regarding the diversion of cars contrary to the seller's wishes, and any refiner who would try to adopt such a method, would soon close up his refinery.

Now, as to the railroads, I have put up to them a concrete case: we sell a man a car of sugar for shipment to Cairo, Illinois, on a guarantee contract entered in Illinois. The rate to Cairo is 46¢. Please keep in mind that all sugar moving from the East and South moved through nonguarantee territory before reaching the guarantee territory. The buyer sends us the order to ship him a car of sugar to Cairo, Illinois, as a guarantee contract. In moving North, this sugar goes through Kentucky, and, as an illustration, Paducah, Kentucky, has the 46¢ rate. The railroads state if the buyer requests them to stop this car of sugar and deliver same for his account to Paducah, they are compelled to do so under the Interstate Commerce rules as to bills of lading. We have innumerable similar cases. As an illustration, the rate to Chicago is 54¢; to Evansville, Indiana, 51¢; to Elkhart, Indiana, 51¢. Our sugar moving North or your sugar moving West on a bill of lading destined to Chicago, could, respectively, be stopped by the buyer at either Evansville or Elkhart, or similar points, because these points are on the direct line moving toward Chicago, and the railroads claim they have no right to

refuse switching in transit at these points, even though we have prepaid the freight and even though the bill of lading would read that the shipment was From Godchaux Sugars to Godchaux Sugars, in care of the customer, because, as before stated, all the customer would have to do would be to show ownership through the invoice representing the car of sugar which he desired to control.

I therefore, again desire to repeat that, based on our advice from our attorneys, and from the railroads, and even thought we have included in our contract (a copy of which we are enclosing herewith and which has just been published) all possible clauses for the control of same, yet, unless we can change our entire contract to read a price so much a pound delivered to a certain specific point, instead of a contract f. o. b. refinery, and make the actual delivery of the car to the buyer at the delivery point, presenting him with the invoice and merchandise simultaneously at delivery point, which would be similar to sugar which he buys ex-spot stock, *we cannot legally control the destination of the sugar after it is handed over to the railroads, and I, for one, do not favor Institute legislation on matters so clearly beyond the control of the refiner.*

4149 Please understand this refers to diversions in transit. It does not refer to reconsigning after the sugar reaches the bill of lading destination, because there would be nothing gained by the buyer in the guarantee territory by reconsigning after reaching the bill of lading destination, because it is then within the guarantee territory.

I am giving a copy of this letter to Judge Ballou for his information and for any comments he would care to make in relation thereto.

Very truly yours,

J. Moog.

(Institute files.)

4150 *Government Exhibit 459–E*

Texas Sugar Refining Corp'n,
Texas City, Texas, August 5th, 1929.

To All Texas Brokers:

Most of you know a very unsatisfactory condition has existed in Texas for some time, on account of certain jobbers having Louisiana Sugars shipped through certain transit points and *defeating the Texas prepays.* This was the subject of quite a lengthy discussion in New York on August 1st and 2nd—at a preliminary meeting as well as the regular meeting of The Sugar Institute, and a plan was worked out to which the *New Orleans Refiners agreed, that all their sugars to Texas would be shipped and invoiced and the freight paid in such a manner that* the original paid freight bills, issued at destinations, will be retained in the office of the sugar refiner in New

Orleans, and *the transit will, therefore, not be available to those who have been in position to manipulate these prepays.*

This arrangement is effective today and, as far as we know, has been put into effect by the New Orleans refiners, and we sincerely hope it will be a means of adjusting and correcting what has been a very unfortunate situation here in Texas. Should you secure any information on this subject, either as to the carrying out of the arrangement, or to the contrary, please pass it to me as quickly as possible, and oblige,

Yours very truly,

Sales Manager.

ORA:AD.
(Institute files.)

4151 *Government Exhibit 459–F*

[Telegram]

AUGUST 14TH, 1929.

TEXAS SUGAR REFINING CO.,
Texas City, Texas:

Your wire twelfth regarding plan stopping manipulation, we have assumed everyone proceeding according to agreement as described in minutes of directors' meeting, which was to ship all sugars freight collect into susceptible territory and refund expense only on presentation of original freight expense bill without notations Stop.

This arrangement was *effective Monday, August fifth*, and
4152 should have applied to all shipments regardless date of contract Stop. Above arrangement designed as temporary measure *pending permanent plan to be worked out with general Texas* problem after Chicago meeting.

SUGAR INSTITUTE.

4153 *Government Exhibit 459–G*

[Telegram]

NEW YORK, N. Y., *Aug. 14–15, 1929—7:02 a. m.*

IMPERIAL SUGAR CO.,
Sugarland, Texas.

(Attention Mr. H. G. Thompson.)

Misunderstanding has developed regarding procedure to stop transit manipulations Texas territory. Stop. Our understanding of your motion exactly as written in minutes Godchaux supposed we were following Texas *companies* suggestion which was rejected earlier in meeting. Stop. Texas wires asking what date plan is to become effective and whether applicable to contracts prior August second. Stop. We have referred each of them to the minutes as providing plan of temporary procedure until entire Texas

problem can be adjusted which was purpose of suggested Chicago meeting. Stop. Please advise us if you are following procedure outlined directors' minutes.

SUGAR INSTITUTE, INC.

(Imperial files.)

4154 *Government Exhibit 459–H*

[Telegram]

SUGAR LAND, TEXAS, *August 15, 1929.*

SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

Rewire transit manipulations Texas territory. Stop. We will follow resolution adopted on shipments to points from which manipulations can be accomplished; have had no shipments these points but will follow resolution every occasion presented.

IMPERIAL SUGAR COMPANY.

CHG.
(Imperial files.)

4155 *Government Exhibit 459–I*

[Copy of telegram]

NEW YORK, *August 19, 1929—4: 17 p. m.*

IMPERIAL SUGAR CO.,
Sugar Land, Texas:

We have no reply to our wire fourteenth asking if you are following procedure outlined at directors' meeting for temporary correction of transit manipulations Texas territory Stop. Joint application to carriers has no immediate relationship to above regulation and should not interfere with its being made immediately effective Stop. An immediate answer will be appreciated.

SUGAR INSTITUTE, INC.

(Imperial files.)

4156 *Government Exhibit 459–K*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 16th, 1929.

Mr. JOSEPH F. ABBOTT,
American Sugar Refining Co., 117 Wall Street,
New York, N. Y.

DEAR MR. ABBOTT: The following telegram has been sent to Southern and Western refiners, pursuant to instructions of Directors' Meeting, August 2nd, 1929:

"Special meeting for discussion Texas market problems will be held Chicago Tuesday, August twenty-seventh Stop. Suggest hour of ten-thirty a. m. Domestic Bureau offices subject to approval Bureau."

Yours very truly,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(American files.)

4157 *Government Exhibit 459–L*

NEW YORK, N. Y., *August 20, 1929—3:58 p.*

HENDERSON SUGAR REFINERY,
740 South Peters St., New Orleans, La.:

Some misunderstanding still exists regarding temporary method of *preventing transit abuses* Texas Stop. Enforcement committees understanding of directorates action this matter was that all sugars shipped to Texas points *should be billed freight collect* without exception Stop. American following this plan Stop. Please advise us if you are doing likewise; *if not that you will proceed at once to do so* Stop. We are asking Texas City, Godchaux, and Imperial to do likewise and notifying C. and H.

THE SUGAR INSTITUTE.

(Henderson files.)

4158 *Government Exhibit 459–M*

AUG. 21ST, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Will handle Texas shipments in line enforcement committees wire twentieth.

WM. HENDERSON.

(Henderson files.)

4159 *Government Exhibit 459–N*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 30, 1929.

Mr. J. F. ABBOTT,
American Sugar Refining Corp'n.,
117 Wall Street, New York, N. Y.

DEAR MR. ABBOTT: Herewith a very brief memorandum of the result of the Chicago meeting.

You are, of course, aware that Bureau members are unalterably opposed to introducing the word "*agreement*" into any of their discussions or to issuing any instructions to the trade which say "must"

or "shall." This memorandum is therefore drawn in such a way as to meet their views in such matters, *although on some points we did reach rather conclusive agreements* as to the processes by which we would work out our problems.

I should be pleased to enlarge upon any detail of this memorandum at your request.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(American files.)

4160 *Government Exhibit 459–O*

Memorandum of Chicago Meeting to Discuss Texas Problems

AUGUST 27–28, 1929.

There were present: Mr. Moog, of Godchaux; Mr. Thompson, of Imperial; Messrs. Moore & Armstrong, of Texas; Mr. Murphy, of American; Messrs. Gilmore & Thompson, of C. & H.; Mr. Baker, of Great Western; Mr. Vidal, of American Beet; Mr. Blair, of Holly; Mr. Douglas, of Domestic Sugar Bureau; Mr. Taylor, of Sugar Institute.

The discussions of the several sessions of the meeting were concerned largely with the following subjects:

1. Transit Abuses.
2. Possible Elimination of Consignment Points.
3. Mixed Car Traffic.
4. Violations of the Code of Ethics.

Transit Abuses.—It was the expressed opinion of the various individuals of the group that practically all of the prevailing transit abuses could be corrected by the adoption and rigid enforcement of a rule providing that:

No freight deductions from invoice should be recognized unless supported by the surrender of the original paid freight bill with remittance to refiner.

The thought had been expressed in connection with this matter that it would only be necessary to exact this original paid freight bill from customers at points which were susceptible to transit manipulations. It was, however, pointed out and emphasized by Mr. Moog that these "susceptible" points were not common to all refiners, and that unless every one at every point in Texas were required to return these bills,

4161 it would in many instances be possible to make substitution of other sugars against freight bills not surrendered. Therefore it became the consensus of opinion that an attempt should be made to secure the return of the original paid freight bill against every freight deduction.

The various parties interested proffered to make an early report on the possibilities of carrying out such a program.

Consignment Points.—Much discussion was had regarding the possibility of reducing consignment points in Texas. It was the expressed feeling of the Western refiners and producers that the elimination or reduction of these points *depended very largely upon changing certain other practices.*

Particular reference was made to the necessity of *correcting transit abuses* and eliminating the use of mixed cars, they having been the original cause of the great increase of consignment points. Reference was also made to alleged *violations of* the Code of Ethics of the Institute, which they stated must be discontinued before they would give favorable consideration to the matter of eliminating or substantially reducing their consignments.

Since the adjustment of the matter was *dependent upon the* solution of the *mixed-car problem*, among other things, much thought and discussion was given in an attempt to reconcile all minds regarding this matter.

The Southern refiners were agreeable to the idea of discontinuing all consignment points and accepting the other recommendations of the Southern Consignment Committee's report as to transit points and reconsignment points. They were not opposed, however, to increasing the number of reconsignment points recommended by the Committee should such increase be favored by the Western refiners and producers.

4162 Mr. Douglas of the Domestic Sugar Bureau proffered to determine the attitude of the interested Bureau members on the question and advise the Institute at an early date.

Mixed Cars.—The Southern refiners stated that the greatest evils of the mixed-car practice were removed by their having raised the minimum quantity of sugar to be included in mixed cars to 60,000 lbs. The merits of this change were discussed at length.

Those who were opposed to the mixed-car idea admitted that the 60,000-lb. minimum helped the situation somewhat where there was a wide general distribution of consigned stocks from which the buyers might draw less than carload quantity instead of purchasing 600 bags with a mixed car. They further stated, however, that it was the Southern refiners' design to remove or very substantially restrict consignments and if such condition was brought about, the 60,000 lb. minimum car would increase rather than decrease their objections to the mixed-car practice. The point cited in the matter was that the advantage of these syrup inclusions would be used to sell the larger minimum quantities of sugar to each buyer who, having no available consigned stocks from which to draw in less than carloads, would be obliged to take 60,000 pounds to the increasing disadvantage of the refiners or producers who had no syrup with which to meet competition. No harmony of thought was developed regarding the matter along this line.

The question of having the mixed-car traiff withdrawn was discussed at length. The Southern refiners expressed a willingness to attempt this if they could be assured that it would result in a with-

drawal of all consignment points in Texas, but having no such assurance they thought it would be inadvisable to resort to such a
4163 drastic remedy.

It was suggested that this matter could be settled by the voluntary refusal of the syrup producers to include their syrup in mixed cars and it was thought advisable to confer with them to see what might be done along this line, if and when the matter of eliminating consignment points had been satisfactorily determined and reported upon. It was the consensus of opinion that this suggestion be followed.

Violations of the Code of Ethics.—Certain violations of the Code of Ethics of the Institute were referred to at various times during the discussion. Frank admissions of such past violations were made under what the violators classified as "extenuating circumstances and severe provocation." The parties making such admissions let it be known that it was their purpose to henceforth observe the Code, not only in Texas but in every other territory where they sold sugars and in all respects.

(American files.)

4164 *Government Exhibit 459–P*

[Telegram]

TEXAS CITY, TEX., *Aug. 23, 1929—11:20 a.*

TEXAS SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

E. A. Johnson Company, Dallas, rejects two cars and advise us intention rejecting third car five-cent sugar shipped them Marshall, Texas, according their instructions Stop. These cars were handled according to resolution August second covering Texas transits and *buyer refuses accede to such action* Stop. Johnson also refuses give us shipping instructions twelve hundred bags five twenty-five sugar expiring today, *stating will refuse same if shipped arbitrarily* our sales contract covering July ninth and July twenty-third sales; reads Quote: Seller will prepay actual freight Unquote. Therefore, we did not conform to contract. *What are your suggestions?*

TEXAS SUGAR REFINING CORPORATION.

(Institute files.)

4165 *Government Exhibit 459–Q*

[Telegram]

AUGUST 23, 1929.

TEXAS SUGAR REFINING CO.,
Texas City, Tex.:

Answering wire regarding Johnson, you should comply with your contract but track cars to destination and if diverted to higher net-

ting point bill buyer for difference and collect it Stop. Prepayment clause should be eliminated from future contracts Stop. American advises us today that account difficulty reaching uniform action in temporary transit relief matter they have decided to follow plan substantially as being used by Godchaux Stop. This notice will be circularized as soon as received.

THE SUGAR INSTITUTE, INC.

(Institute files.)

4166 *Government Exhibit 459–R*

[Memorandum]

SEPTEMBER 13TH, 1929.

In conversation with Mr. Douglas over the telephone on the afternoon of September 12th he stated that he had a wire from the C & H regarding the Texas matter as discussed at the Chicago meeting, in which they stated that Mr. Campiglia was on his way East and would discuss the matter with us upon his arrival.

With reference to the *Great Western's* position, he stated that they had a wire from them stating that if and when the various matters of correction discussed at Chicago were made effective, they would be agreeable to reducing *consignment points* in Texas to four points—i. e., Fort Worth, Dallas, Waco, and San Antonio—and that *600 bags minimum delivery* would be made from each of those points.

FRED G. TAYLOR.

Copy to Judge Ballou.

4167 *Government Exhibit 459–S*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 13th, 1929.

To Members of Sugar Institute, Inc., interested in Chicago Meeting:

GENTLEMEN: At the conclusion of the Chicago Meeting at which we discussed *Texas* problems, *it was decided* that the individual refiners represented were going to endeavor to secure a return of the original paid freight bill from each consignee, and in order that we might know what progress was being made it was suggested, and I believe agreed, that reports of experience should be exchanged in the matter. *It was understood that members of the Institute would report to the Institute all cases of refusal on the part of buyers to comply with such request, and send copy of their report to the Domestic Sugar Bureau. It was likewise suggested, and I believe understood, that members of the Bureau would report each instance of refusal of their customers to the Bureau, and send copies of such report to the Sugar Institute. This procedure was designed to save time in repeating the transmittals which would otherwise be necessary.*

May we ask that members of the Sugar Institute please comply with this *understanding*.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Handwritten notation:) Send to Godchaux, Henderson, Colonial, American (Mr. Abbott, Mr. Murphy (New Orleans)), Texas, Imperial, Domestic Bureau.

4168 *Government Exhibit 459–T*

[Draft]

Memorandum of special meeting held at Sugar Institute September 20th, 1929, at 10 a. m.

Present: Messrs. Campiglia, Florsheim, Foster, Smith, Thompson, Douglas (Domestic Bureau); Ballou, Taylor, Patterson, of Sugar Institute.

Judge Ballou stated that the purpose of the meeting was to further the purposes discussed at the Chicago Meeting in relation to transit abuses and other irregularities in Texas. He stated that the refiners interested in that market desired to know what the future policy of the *C. & H.* would be regarding consignment points in Texas. A long discussion was had regarding the prevalence of transit abuses, not only in Texas but in other districts to the North, including St. Louis and Kansas City. Methods of procedure against such evils were discussed at length. Judge Ballou suggested that a man representing the Bureau and the Institute be sent into the district North of Texas, particularly St. Louis, to confer *with the railroad people and gain their cooperation* in the matter of correcting these irregularities.

Mr. Thompson reported what had been accomplished in trying to work out the Texas problem, indicating that the carriers were all willing to cooperate, and that by obtaining the assistance of the American he felt that a special request to *have transit privileges on sugar withdrawn from the tariffs* would be docketed as an emergency measure and put through in 30 or 40 days. *This would cure at least 90% of the difficulties in Texas.*

4169 Mr. *Campiglia* stated that the C. & H. were agreeable to the suggested method of correcting the difficulties, as outlined by Mr. Thompson, and that his *Company would join in assisting to get the transit privilege withdrawn.*

Mr. Campiglia stated that he was not in position to announce the future policy of his Company regarding the points at which they would carry consignments in Texas. He stated that he thought that question of lesser importance than the questions of correcting transit abuses and violations of the Code of Ethics that have been practiced there, and he felt that a demonstration of our ability to solve these

two important problems should precede any attempt to adjust the mixed-car and consignment point questions.

Some discussion was had as to the probable ability of the beet sugar companies interested in that territory getting a return of the original freight bill. It was pointed out that under the proposed arrangement of withdrawing the privilege of transiting cane sugars there would develop an increased effort to manipulate beet sugars. It was thought, however, that the beet sugar people could be depended upon to control such abuses.

Mr. Florsheim again referred to the importance of *getting*
4170 *a cancellation of the transit privilege* of all sugars sold in the State regardless of where they originated. Judge Ballou called attention to the necessity of the beet people's maintaining this privilege in the interest of finding storage at the peak of their production, but felt that it would be their disposition to cooperate in such a manner as to make the effort proposed by Mr. Thompson completely effective.

4171 *Government Exhibit 459–U*

SEPTEMBER 23, 1929.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South La Salle St.,
Chicago, Ill.

MY DEAR MR. DOUGLAS: I have your letter of September 17th asking if Imperial and Texas City have made any announcements regarding the method proposed to correct retransiting abuses in Texas.

You have been advised that Mr. Thompson has taken this matter up with the railroads and secured the issuance of a circular calling for strict enforcement of the carriers' tariff provisions on this subject. Application is also being made to cancel all such transit privileges in Texas so far as sugar originating in Louisiana or Texas is concerned.

I am further writing you today concerning methods I propose for points further north, particularly with reference to unauthorized transiting through St. Louis and Chicago.

I am not aware that Imperial and Texas City were supposed to make any formal and independent announcements on this subject. It seems to me that any formal announcements should be made by the Institute.

If we can get the railroads to enforce their own tariffs strictly, it seems to me that the only remaining matter to deal with will be the securing in every case of the original paid expense bill. If any buyer refused to return this bill, this presents an issue which should be dealt with by the Institute and the Bureau as a whole, and not by any individual refiners.

Very truly yours,

Executive Secretary.

SB: BMF.
(Institute files.)

4172 *Government Exhibit 459–V*

SEPTEMBER 30TH, 1929.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 S. La Salle Street, Chicago, Ill.

DEAR MR. DOUGLAS: Pursuant to the matter of Texas announcements, which we discussed with Imperial and Texas City over the telephone upon the occasion of the visit of yourself and Mr. Campiglia at this office last week, I am attaching hereto correspondence which seems fully explanatory. I note that the circular enclosed from Imperial has also been sent to you, according to the notation on my copy.

It is apparent from the report of Texas that they undertook to carry out the spirit of the Chicago meeting in the best of faith, and that they did everything that seemed needful in the matter of preventing the abuses that we were striving to correct.

With kindest regards, I am,

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

P. S.—I am sending you three copies of this correspondence in case you wish to send it on to Gt. Western and C. & H.

Copy to: Mr. Armstrong, of Texas.

(Texas files.)

4173 *Government Exhibit 459–W*

COLONIAL SUGARS COMPANY,
New Orleans, La., October 1st, 1929.

COLONIAL SUGARS COMPANY,
136 Front Street, New York, N. Y.
(Attention Mr. Newman.)

GENTLEMEN: We sent you telegram this morning reading:

"Pickrell submits orders three cars, six hundred bags, each for Louisville Stop. We have there and in transit ninety-six hundred bags Stop. We are under impression these three cars *intended for Kenny to divert* to Illinois-Indiana points Stop. If this correct, *understand not approved by Institute. Kindly* take matter up with Pickrell."

You will recall that we have had some correspondence in the past relative to these diversions.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. N. WOGAN, *General Agent.*

(Colonial files.)

4174 *Government Exhibit 459–X*

[Telegram]

OCTOBER 1, 1929.

OTIS W. PICKRELL,
Pickrell & Craig Co., Inc.,
209 East Main Street, Louisville, Ky.:

New Orleans wires us you specified three cars Louisville consignment with present transit and arrived stock amounting to ninety-six hundred bags Stop. See no necessity making further consignments Stop. If this for transit *diversion, Institute ruling distinctly prohibits such diversions*, and no consignments brokers' warehouses sequent last booking. If we in error, please fully advise.

C. B. NEWMAN.

(Colonial files.)

4175 *Government Exhibit 459–Y*

PICKRELL AND CRAIG CO.,
Louisville, Ky., Oct. 2, 1929.

Mr. C. B. NEWMAN,
% Colonial Sugars Co.,
136 Front St., New York, N. Y.

DEAR MR. NEWMAN: This owns receipt of your wire of October first, and as the Institute ruling positively prohibits further diversion of Sugars, you can disregard our order for three additional cars on consignment at this time.

Yours very truly,

PICKRELL & CRAIG CO., INC.,
OTIS W. PICKRELL.

(Colonial files.)

4176 *Government Exhibit 459–Z*

Judge SIDNEY BALLOU,
THE SUGAR INSTITUTE, INC.,
129 Front St., N. Y. C.

DEAR JUDGE BALLOU: Mr. Elmer Westlake, counsel, and Mr. Breslin, representing the C. & H., met me in Chicago on Monday, October 14th, and we discussed the methods of preventing illegal transit. The proposal submitted by the Great Western Sugar Company to *amend the carriers' tariffs*, reading as follows:

"In the event transit privilege is desired, the original bill of lading and way billing from point of origin must carry the following notation: 'To be stored in transit.' In the absence of such notation, the transit privilege will not be permitted",

was not approved by Mr. Westlake, who stated that his company could not operate under this clause, as they did not know the dispo-

sition of cars when they left the refinery. Mr. Westlake thought that the clause could be modified to permit transiting where the consignor filed an application with the originating carrier surrendering the original prepaid freight bill or the original bill of lading at point of origin. I personally see no objection to that revision. The whole matter will be discussed by the Domestic Bureau and by the C. & H. representatives in Salt Lake City on October 17th and 18th.

We met Mr. Howard, Chairman of the Western Weighing & Inspection Bureau, and his assistant Mr. Hoffman, also Mr. Merke, Chairman of the Central Freight Association Bureau, and Mr. O'Dowd, in charge of policing the Western district. A full explanation of our difficulties was given, and we asked the cooperation of the Inspection Bureaus. Mr. Howard and Mr. Merke welcomed our visit and stated that they would immediately start a very intensive investigation of all sugar transit and assured us that they would tighten up the policing in such a manner as to make future mishandling almost impossible. They suggested that it would be better for us to leave the matter in their hands for the present rather than to report the situation to the railroad executives.

The proposal of the Great Western Sugar Company to change the transit provisions as indicated above was discussed, and both Mr. Howard and Mr. Merke thought that the clause might successfully be attacked as discriminatory. I suggest that before any action is taken we await the report of the Salt Lake City meeting.

Yours very truly,

P. M. RIPLEY,
Traffic Manager.

CC: Mr. J. F. Abbott.
(American files.)

4177 *Government Exhibit 459–A1*

Memorandum of traffic meeting held at Sugar Institute, Wednesday, Oct. 2/29

The Meeting was held in the Board Room of the Sugar Institute, Inc., at 2 p. m.

Present: Messrs. Raymond of National, Cameron of Revere, Kirchbaum of Spreckels, Angus of Pennsylvania, DeLacey of McCahan, Carling of Arbuckle, Ripley of American, Perry of H. H. Pike & Co., and Ballou and Taylor of the Sugar Institute.

Judge Ballou announced the purpose of the meeting and recited in detail the transit problems confronting the industry. He mentioned among the things to be attempted was to have the railroad people *tighten up* and enforce the provisions of their own tariffs governing transiting. In connection with this he stated that Texas had already made a start and issued circulars to the carriers concerning the matter, and that it was thought with the refiners sup-

port and the cooperation of the carriers much could be done. A Committee was appointed consisting of Mr. Ripley of the American and Mr. Westlake of C. & H. and Western to confer with carriers or their Inspection Bureaus at various points to carry this movement further.

He stated that the Domestic Bureau was also active in the matter, and had called a meeting of western traffic-men to be held in Salt Lake City, October 15th. This meeting was to consider means of controlling the situation, *including a modification of the railroad tariffs on the subject if this should appear necessary or desirable.*

After this report by Judge Ballou various discussions were had and some exchange of views as to how far we could go in getting tariffs changed to abolish transiting privileges without working to the disadvantage of regular transiting requirements. Mr. Raymond suggested the advisability of approaching the problem with caution as the carriers are, in some instances, very willing to cancel, and the refiners might be deprived of a valuable privilege.

The question of the practice of substitution of sugars as a factor of transit abuse was discussed at length, and it was thought
4178 this could be largely corrected by referring the matter to the various traffic bureaus and associations, and carriers, and enlisting their support in the prevention of violations of their tariffs. It was thought that the cooperation of the carriers was the principal need in correcting this abuse.

As a preliminary to the initiation of a working program it was suggested that the rate structures be reviewed, with a view to discovering all of the points at which transit abuses were possible, and that these be reported to the Institute for clearance, and for such further use as may seem advisable. The task of providing this list seemed to have been delegated to Mr. Ripley and Mr. Carling.

It was suggested by Mr. Ripley that as a first step in the program the various traffic bureaus and associations be advised of the particular opportunities of transit abuses, and asked to exert special effort, and issue special instructions, to the end of preventing and correcting them. At some later date it was thought it would be advisable to present the same matter to the carriers, and ask them to be more aggressive in having their agents live up to the provisions of their tariffs governing transiting privileges.

The question of tracing cars to prevent diversion or reconsignment was discussed at length. Mr. Perry raised the question as to whether it was thought necessary to trace cars in all instances. It was the unanimous opinion of the Meeting that it was necessary, and every other firm represented was tracing all shipments in the interest of preventing unauthorized diversions.

It was decided that a Meeting should be held on Monday, October 7th, for the purpose of conferring with Mr. Edwards of the Trunk

Lines Freight Inspection Bureau, providing his presence could be had. This meeting was tentatively called for 2 p. m. of that day.

Adjournment: There being no further business the Meeting adjourned.

4179 *Government Exhibit 459–B1*

Sent to American, Godchaux, Henderson, Douglas.

[Letterhead of the Sugar Institute, Inc.]

Copy of telegram sent to: C. & H., Texas City, Imperial:

NEW YORK, *October 14, 1929.*

Discussion at Directors' Meeting developed necessity of Texas refiners not only taking steps to prevent unauthorized transiting but also doing it in such a way as to avoid discrimination in selling terms Stop. In order to check abuse New Orleans refiners instead of billing at their quoted freight applications are billing at New Orleans freight rate and demanding return of original paid expense bill to obtain freight adjustment Stop. Texas refiners by confining demand for expense bill to few points susceptible of manipulation of their own sugars are placing buyers of New Orleans sugars at a disadvantage as regards amount of initial payment which at some points is quite substantial Stop. Recognizing that request to return original paid expense bill will be futile unless it is made worth while to the customer. *Institute strongly urges* Texas refiners and C. and H. shipping from Gulf ports to *follow practice of New Orleans refiners in billing customers at New Orleans freight rate* and make an adjustment to their actual quoted prepay only upon return of original paid expense bill free of notation that transit privilege has been issued thereon.

THE SUGAR INSTITUTE.

(Institute files.)

4180 *Government Exhibit 459–C1*

[Telegram]

NEW YORK, N. Y., *Oct. 16, 1929—4:30 p.*

Mr. WM. HENDERSON,
Henderson Sugar Rfg. Co., New Orleans, La.:

Following long telegraphic discussion regarding expense bills in Texas Institute has received the following from the Texas refiners as to which your comments are requested Quote we believe return expense bill plan will involve endless accounting troubles, confusion, and dissatisfaction with trade and cannot be made absolutely effective without extraordinary policing arrangements by refiners, and we further believe that the *best workable and effective plan will be*

to readjust and level out prepay basis at all Texas points, which plan will positively not permit of any defeat of prepays through transit or diversion Stop. We are now actively working to complete details this plan in time to submit same to Institute and interested refiners for consideration prior meeting southern committee New Orleans, November fifth; meantime presume action on plan stated your telegram fourteenth may be deferred Unquote.

THE SUGAR INSTITUTE.

(Henderson files.)

4181 *Government Exhibit 459–D1*

[Copy]

IMPERIAL SUGAR COMPANY,
January 24th, 1929.

Judge SIDNEY BALLOU,
Executive Sec'y The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

MY DEAR JUDGE: Referring to our conversation on my recent visit to New York relative to our Texas situation.

Being unable to secure a conference between you, Mr. Moog, Mr. Abbott, and myself on account of other pressing matters, I have decided to write you regarding the situation.

I will use Hearne, Texas, as a typical illustration of the situation. The delivered basis to Dallas, Texas, is figured on basis of 55¢ which is an arbitrary basis made 17 points over the rate from Sugar Land of 38¢—the delivered basis to Hearne is figured on the basis of 45¢ which is an arbitrary basis made 17 points over the rate from Sugar Land to Hearne of 28¢.

The rate from New Orleans to Dallas and Hearne is the same to both points, viz: 58¢. Godchaux Sugars, Inc., will book sugars with a Dallas jobber and ship these sugars from Dallas to Hearne on this contract and *permit the Dallas jobber to transit this sugar from Hearne into Dallas*, thereby defeating the delivered prepaid basis in Dallas of 13¢. They also permit their broker to do the same thing.

There is no public warehouse at Hearne, Texas, and arrangements have been made with the Schuhmacher Company for the use of their wholesale house at Hearne in the transiting of these sugars, and we have been reliably informed that the Schuhmacher Company gets so much per bag for the use of their warehouse in this manner.

The above concern also moves their sugars via boat from New Orleans to Houston, but sugars that are used in the manipulation of the transit privileges are not shipped out of Houston but out of New Orleans.

The writer has had several conferences in New Orleans with Mr. *Moog* relative to the situation and so far he *has declined to stop this manipulation* unless the Texas refiners would do certain things which at this time are impossible to do.

We are calling this matter to your attention in this way because we firmly believe that by the manipulation of this transit at Hearne which is typical and at other points in Texas, so as to permit the jobbers of sugars in North Texas to get their sugars at destination lower than the established prepay basis is in violation of the Code of Ethics Rules No. 3, under subheading No. 4, paragraphs Nos. 1 and 4.

4182 The American Sugar Refining Company is familiar with this situation and with the manner in which it is being manipulated, and a copy of this letter is being sent to Mr. Abbott with the hopes that he will confer with you about it and see whether or not you agree with us that these transactions are in violation of the Code of Ethics, and if so, if you will undertake to *get the Godchaux Sugars, Inc., to immediately stop this manipulation.*

I might further state that *if it is not stopped the Imperial*, in order to protect their interests, *will be forced to do certain things that are not in violation of the Code of Ethics, but we would hate to put in effect the plan* we have in mind if some other solution can be arrived at.

Yours very truly,

IMPERIAL SUGAR COMPANY.
By (Sgd.) H. G. THOMPSON.

(American files.)

4183 *Government Exhibit 459–E1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 28, 1929.

Mr. J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg.,
New Orleans, La.

MY DEAR MR. MOOG: I did not find the time to discuss the freight situation at Hearne with you and Mr. Thompson as I had hoped. Since then I have been to Chicago and find the same complaint has been lodged with the Domestic Sugar Bureau by the C. & H., the Great Western, and Utah-Idaho.

The enclosed copy of letter from Imperial states the situation in detail as they see it. Besides Hearne, which is mentioned in the letter, Mr. Douglas of the Sugar Bureau mentioned Cameron and Calvert as points where similar diversions could be made, and Fort Worth as well as Dallas as a point where the freight application would be affected.

As thus stated, this has all the appearance of a diversion into higher netting territory of the kind that jobbers are trying to put over in all parts of the country, and which we are trying to correct by *urging the tracing of cars to* their destinations.

You intimated to me in New York that there was another side to this story and I am, of course, anxious to hear it.

I am sending a copy of these letters to the American and the Domestic Sugar Bureau.

Sincerely yours,

SIDNEY BALLOU, *Executive Secretary.*

(American files.)

4184 *Government Exhibit 459–F1.*

FEBRUARY 19, 1929.

Mr. J. MOOG,
Godchaux Sugars, Inc., Masonic Temple Building,
New Orleans, Louisiana.

DEAR MR. MOOG: After going over my file in the matter of the diversion now being effected at Hearne, Texas, and talking over the situation with Mr. Ripley, I want to say to you that we will take every step that can be taken to prevent any customer defeating our selling basis by diverting or reconsigning our cars billed to Hearne.

If it is necessary to consign to ourselves, this will be done, and we will also be willing to prepay on the basis of the full New Orleans rate, and only allow credit down to the basis of the prevailing rate upon surrender of the original expense bill.

We shall also let our customers know that we will not countenance this practice and, I am sure, take every step necessary to break up the existing situation, *provided the practice is generally discontinued.*

Very truly yours,

JFA*C.

(American files.)

4185 *Government Exhibit 459–G1*

Memorandum

A meeting of the Traffic Committees of The Sugar Institute, Inc., and Domestic Sugar Bureau was held at 10:00 a. m., Friday, November 22, 1929, in the Palmer House, Chicago, Illinois.

The following were present: V. K. Raymond, H. G. Thompson, L. V. Placé, H. F. Lambert, M. R. Gilmour, Orvin Morris, J. W. Ellingson, J. O. Douglas.

Mr. Douglas (Chairman) stated that the purpose of the meeting was to consider the proposed redraft of freight-tariff rules pertaining to Storage-in-Transit on sugar. He stated that carriers' freight tariff rules now in effect had resulted in transit abuses and trade discriminations, which affected the entire sugar industry.

The redraft of transit rules previously proposed by Domestic Sugar Bureau and revised by Mr. Rhodes was analysed, paragraph by paragraph, and with a few changes was rewritten.

It was the unanimous opinion of the Committees that the following redraft would correct the present transit abuses, and that this redraft, with the Committees' recommendations, be presented to the Institute and Bureau for their approval.

"Storage of Sugar.

"The rates on Sugar, in carloads, named herein, will be applied on shipments stored in transit at the points designated for a period not exceeding twelve months.

"In the event transit privilege is desired, the original bill of lading and waybilling from point of origin must carry the following notation: 'To be stored in Transit.' In the absence of such
4186 notation on the original bill of lading, the transit privilege will not be permitted.

"If shipment is diverted or reconsigned no storage in transit will be permitted.

"The storage point must be located directly intermediate on the line of transit from the point of origin of the Sugar to the final destination of same via the routes designated herein.

"Shipment will be way-billed from initial point to storage point at full tariff rates.

"Only the Sugar that originates at factory, refining points, or ports of entry named herein will be given privilege of storage in transit under these rules. Substitution of Sugar of other refiner or producer will not be permitted.

"When Sugar is forwarded from storage point to destination beyond following rules will govern:

"(a) The shipper must surrender to the forwarding agent an original paid freight bill bearing the notation 'to be stored in transit', representing in-bound tonnage from points of origin named herein, equal to the out-bound tonnage offered for reshipment.

"(b) Forwarding agent will bill shipment at the remainder of through rate, if any, making full notation on his billing of rate charged to storage point. The charge, if any, from the storage point must be prepaid. Settlement to be made between the Accounting Department of interested carriers of charges paid to and from storage point.

"(c) Reshipment from storage point shall in all cases be subject to the carload minimum weight applying from origin to final destination, and when the actual weight of the Sugar shipped from storage point is less than the minimum weight the transit rate will be charged on the actual weight of Sugar shipped and the deficit in the minimum weight charged for at the carload rate on Sugar from the storage point to final destination. No in-bound billing shall be surrendered against such deficiency in weight.

"(d) Any weight in excess of that shown on the surrendered
4187 freight bill Must be charged for at local rate (carload or less than carload, as the tonnage may warrant) from storage point to final destination.

"Storage, handling, cartage, insurance, or other charges incidental to the storage in transit, to be borne by the shipper and must not be absorbed by either the carrier to the storage point or the carrier from the storage point.

"The switching charges to and from warehouse at storage point will be subject to the individual rules of the carriers.

"Sugar must be completely unloaded into warehouse at storage point.

"The freight bills covering inbound shipments must show notation by Agent at what warehouse car was unloaded and when forwarded the Sugar must be loaded out of the same warehouse.

"It is required that all parties accorded transit privileges keep a record of all Sugar unloaded in warehouse, also Sugar loaded out of warehouses, including tonnage which is forwarded in cars at local rates and that which is distributed for local consumption and affidavits as to the accuracy of such records shall be furnished when requested.

"In order that there shall not be in the possession of the consignees uncancelled inbound freight bills nor inbound credits that do not represent sugar actually on hand, shippers, consignees, or warehouses must surrender daily, for cancellation, to the carriers or authorized agent, or the carrier's inspectors, sufficient representative freight bills or tonnage slips of inbound carriers, or local tonnage credits to cover sugar disposed of locally or forwarded.

"The transit records of warehouse into which the sugar is unloaded and of the transitor shall be subject to inspection of the carriers which allow transit, and/or their duly authorized agent or bureau who shall cancel freight bills or tonnage credit slips not represented by tonnage in the warehouse shown thereon.

"The custody and possession of the Sugar while stored in transit shall be that of the owner, and not of the carrier.

"No carrier, a party thereto, will be responsible for any loss or damage to Sugar while stored in transit.

"Remnants at storage points will be consolidated into
4188 carloads and reforwarded at the carload rate and minimum weight applicable from point of origin to final destination.

"Only one stop for storage purposes will be permitted.

"Violation of any of the above rules will nullify transit privilege and combination of local rates to and from storage point will be applied.

"The through rate to apply will be the rate from point of origin to final destination or the rate from point of origin to transit point, whichever is higher, in effect on date of shipment from point of origin.

"Note: Copy for W. T. L. Tariff 159 Series, all other Bureau issues and individual tariffs and circulars covering Sugar transit to be likewise amended. Uniform effective date to govern in all territories."

The suggestion of the Institute's Southern Committee to establish a central agency to trace all shipments was next considered. It was the unanimous recommendation of the Traffic Committees that such an agency be not established, that instead the Institute and

Bureau arrange to have periodical audits made of members' tracing records.

The question of refiners and producers retaining original bill of lading to prevent unauthorized diversions was considered. It was stated that carriers generally do not require the surrender of original bill of lading to accomplish diversion, therefore, the withholding of original bill of lading would not correct the abuse. It was the consensus of opinion that proper tracing of cars was the effective method of checking diversions.

CHICAGO, ILLINOIS, *November 25, 1929.*

4189 *Government Exhibit 459–H1*

[Copy]

Illinois Freight Association, Docket Advice on Docket No. I. R. C. 5434–C

CHICAGO, ILLINOIS, *February 27, 1931.*

Orig.

To Members Illinois Rate Committee:

The following subject will be docketed for consideration at the March 1931 meeting.

C. W. GALLIGAN, *Chairman.*

Proposition.—To give consideration to establishing transit rules as provided in proceedings of meeting held in Chicago January 15 (copy attached) on Sugar, carloads, for application between points in Illinois Rate Committee territory in lieu of the existing rules covering storage in transit privileges.

Remarks

The proposed rules are the result of several conferences based on the *rules proposed* by the *Sugar Institute*, comprising the cane-sugar refineries.

The rules as shown in the attached proceedings have the approval of Southern Freight Association and Trunk Line Association Committee.

Proposal similar to the foregoing was given consideration at the November 1930 meeting of this Committee under Docket No. I. R. C. 5434–B, and was approved subject to like action by other jurisdictions, subject to withheld vote of one of the member lines, the member line later advised they could not vote in the affirmative and therefore the proposal failed of adoption.

For your information we quote below communication received from Mr. H. Wilson, Chairman of the Trunk Line Association, addressed to various interested jurisdictions:

"I attach copy of proceedings of meeting held in Chicago on Thursday, January 15, in regard to uniform storage in transit rules on Sugar in carloads. These proposed rules are the result of several conferences based on rules proposed by the Sugar Institute, comprising the cane-sugar refiners.

"Will you kindly advise me promptly whether you are prepared to authorize publication by Chairman Boyd of a Joint Agency Tariff as provided in the recommendation? You will note that there are some details to be worked out, but they apparently do not affect your territory.

"The suggestion of the Sugar Institute now is that these rules be made effective on the rail lines to apply on all-rail or joint-rail-and-water traffic, the question of publication by the water lines to be settled later. The ocean-and-rail lines have advised that they have little, if any, interest in the matter and the lake lines, as I understand it, have interest only in storage on their docks and it would seem that the suggestion of the sugar people as to the application of the rules at this time at rail points should be satisfactory.

4190 "It is desirable that immediate conclusions be reached as to publication of the rules by rail lines, as, unless they are published prior to March 27, it will be necessary to have another public hearing which will further delay the matter, and the sugar people are very anxious to have the rules published as soon as possible in order to remove the difficulties they are having with the present rules.

"Will you kindly advise me promptly whether you concur in the rules insofar as your territory is concerned, in Joint Agency Tariff by Mr. Boyd? Will you also send copy of your reply to me to Mr. Boyd?"

4191 *Government Exhibit 459–I1*

SPRECKELS SUGAR CORPORATION,
New York, December 9, 1929.

Mr. LOUIS V. PLACÉ, Jr.,
Vice President The W. J. McCahan Sugar Refining & Molasses Co., 101 South Front Street, Philadelphia, Pa.

DEAR SIR: You will recall that when the vote was taken yesterday with regard to the report of the Traffic Committee I did not vote, preferring to await the comments of my Chicago representative. I herewith quote from his letter received today and would like your comments as to the soundness of his contentions:

"We are in receipt of your letter of Dec. 3rd, enclosing us a memorandum from the institute with reference to retransiting of sugars from storage. Beg to advise that this partly refers to the meeting which the writer attended on Nov. 22nd.

"The first question the writer asked Mr. Douglass at the meeting was whether or not it was the purpose of the Sugar Institute to prevent the reconsignment of sugars from a public warehouse. Mr. Douglass stated that the purpose of the meeting was to correct the abuses of reconsigning sugars. *The writer replied that as long as the Railroad Tariff provided for a reconsigning privilege, he did not think that the abuses could be stopped.*

"Upon reading carefully the redraft in the memorandum you sent us, the Institute has omitted the most important feature and that is to stop the abuse of a Chicago buyer in reconsigning sugars from a Chicago warehouse originating from New Orleans to a destination, say, Aurora, Ill., where the prevailing rate of freight is 55.7 prepaid, as compared to the present prepaid rate of 51¢ charged by the New Orleans Refinery to Chicago buyers, thereby giving the Chicago buyers the advantage of $4\frac{7}{10}$¢ in the freight on the reconsignment. It was also brought out at the meeting that the abuse whereby a Chicago buyer would get the benefit of a higher rate on a reconsignment from Chicago, as illustrated above
4192 to Aurora, could be probably stopped by inserting the following clause in the Refiners' Contract:

"'Change of destination: Any change by buyer of destination shown in this contract shall entitle the seller, at its option, either to terminate the contract and to stop shipment or shipments then en route and retake possession of the sugar or to recover from the buyer any difference that may exist in seller's net returns received for sugar sold, as of date thereof, at the substituted destination, as compared with its net returns for sugar sold hereunder.'

"Upon reading this clause carefully, it can be effective as long as the sugar is in the possession of the refinery; but let us assume a car of sugar is sold against a contract with the above clause and the buyer requests a car from a public warehouse with the following notation: 'TO BE STORED IN TRANSIT.' If this sugar is paid for and in the control of the buyer, will the clause in the refiners' contract mentioned above still control the retransiting of the sugar beyond Chicago?

"The writer also pointed out to the Committee that refiners from New Orleans had an advantage in reconsigning sugars beyond Chicago over our refinery, which is a fact. The prevailing rate of freight to 95% of the points in our territory is the New Orleans all-rail rate of freight, which the Eastern Refiner must meet.

"Mr. Tennison, of Seavey & Flarsheim, then brought up the question in regard to the free storage we receive both on the C. A. T. Line dock and the Great Lakes dock. We explained to Mr. Tennison and to the Committee that while the free storage at both of these docks was available, on the other hand, at no time this year were we able to store all the sugar in these docks under the free storage privilege. In addition to this, after sugar moving rail and lake is stored in the dock house, the reconsigning privilege within the switching district

of Chicago is not permitted; also, if we wish to reconsign the sugar beyond Chicago, it would be necessary to unload the sugar back on to the boat at an expense of 3¢ a hundred, also the Eastern Refiner would be obliged to absorb the difference between the New York rail
4193 and lake rate and the prevailing New Orleans all-rail rate to destination.

"*Personally we do not believe that the Institute can prevent the reconsigning of sugars beyond Chicago as long as the tariff provides for the reconsignment. If a man has bought and paid for a car of sugar, and so long as the tariff provides for a certain privilege, the buyer is entitled to it. This feature can be easily thrashed out by making a test case of it.*"

Yours very truly,

EDGAR H. STONE,
Vice President.

Copy to Mr. Taylor, Mr. Douglas, Mr. Fox.
(McCahan files.)

4194 *Government Exhibit 459–J*

DECEMBER 10, 1929.

Mr. EDGAR H. STONE,
Vice President, Spreckles Sugar Corporation,
New York, N. Y.

DEAR SIR: I appreciate very greatly your having passed on to me, in your letter of the 9th instant, the comments of your Chicago representative concerning the report of the Traffic Committee which was presented to the meeting of the Directors of the Institute on December 8th.

All of the statements made by your Chicago representative are correct, in my opinion, with the exception of the statements in the last paragraph quoted. To explain the basis for this difference of opinion, it is necessary to make clear (as I thought had been done with Mr. Pelouse in Chicago on November 22nd) that the Traffic Committees were appointed solely for the purpose of drafting suitable changes in the railroads' tariff provisions regarding transiting. Mr. Raymond, of the Institute's Traffic Committee, and all of the members of the Bureau's Traffic Committee felt that they could not go beyond this point. They felt that (short of eliminating transit privileges entirely for both consignees and shippers) no possible changes in the railroads' tariffs would police transit abuses, and they felt that, once the railroads' tariffs are changed as proposed, the Bureau and the Institute will have to adopt the necessary measures for the policing of the abuses of transiting. They do not feel called upon at this time to make any recommendations on that phase of the subject.

However, it was felt by the members of both Traffic Committees that the proposed changes in the railroads' tariffs provide a basis for regulations on the part of the Bureau and of the Institute which could be made effective in eliminating transiting abuses.

Accomplishing this purpose will be aided by the fact that all shipments whose bills of lading do not carry the notation "To be stored in transit" require no policing. As to those shipments whose bills of lading do carry the notation "To be stored in Tran-
4195 sit", it was suggested that the railroad paid expense bill could be retained by the refiner. Delivery of the expense bill to the buyer (in those few instances in which this document is required for legitimate purposes) could be restricted to cases where the buyer is willing to make a definite agreement, covering each car, that a railroad paid expense bill showing final destination will be presented and that an adjustment for the correct freight application at final destination will be made.

Copy to Mr. Taylor, Mr. Douglas, Mr. Fox.

It is true, as pointed out by your Chicago representative, that "so long as the tariff provides for a certain privilege, the buyer is entitled to it." However, the tariff will provide that he is entitled to this privilege only upon presentation of the railroad paid expense bill, and the refiner will furnish the expense bill only upon condition that the buyer agrees to be bound by the proposed clause (or some similar clause) to be inserted in refiners' contracts giving the refiner the right to charge the buyer the established freight application at final destination. This clause should be so worded as not to limit its application in the manner feared by your Chicago representative. Whether the clause quoted by him is so limited or not is a matter to be decided in the future.

I trust you will pardon this exceedingly long letter, but I have considered it best to go into some detail so that you can understand the situation as I see it. If there is any further information you desire, please do not hesitate to call on me.

Yours very truly,

LOUIS V. PLACÉ, JR.,
Vice President.

(McCahan files.)

4196 *Government Exhibit 459–K*

[Telegram]

JANUARY 16, 1930.

HENRY FLARSHEIM,
% Seavey & Flarsheim Brokerage Co.,
Kansas City, Mo.:

At meetings yesterday following actions taken Texas situation all subject Cummings approval today. Quote. First, to prevent diver-

sion abuse, members will trace all cars, bill customers for difference prepay, and use same effort collect as other due items of account, reporting to Institute all failures collect within thirty days date invoice Stop. Second, *New Orleans, refiners will serve territory south Waco line from Houston stocks shipped there water from New Orleans, which will limit transit opportunities* Stop. Third, to limit transit abuses shipments from Houston, Texas City, Sugarland to east northeast Texas, members will ship this territory from consignment stocks on transit privilege, thus preventing further transiting buyer; this not apply New Orleans members who ship rail lower cost with no transit abuses Stop. Reference first above, Cummings will prepare circular regarding diversion for trade for distribution members brokers January twenty-fifth Stop. Reference second above, this takes effect when Moog gets storage stocks into Houston next boat. Unquote.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION, LTD.

4197 *Government Exhibit 459–L1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 21st, 1930.

To the Members of The Sugar Institute.

GENTLEMEN: At the Director's Meeting of the 16th a Resolution was adopted which was designed to prevent unauthorized diversions or reconsignments of sugar. It was thought advisable to notify the trade of the substance of this Resolution by each refiner sending a uniform letter to the trade. The following letter has been approved by counsel, and is to be circularized on or before February 25th, 1930:

"*To the trade.* The Sugar Institute has adopted a resolution recommending that refiners shall in future *enforce the provisions of their contracts* with respect to unauthorized *diversions* or reconsignments, both as to sugars sold under contract and sugars sold from spot; also, that refiners shall *trace all cars* through to destination, and where diversions have been accomplished, in violation of the contract, refiners shall *set up appropriate charges against the buyer on their books*, promptly bill the buyer for, and collect, any difference in the prepay.

"We believe that the best interests of all concerned will be served by complying with the foregoing recommendations, and you are hereby informed that the same will be strictly complied with by us, effective immediately.

"Very truly yours,

"THE SUGAR INSTITUTE, INC.,
"FRED G. TAYLOR,
"*Executive Vice Secretary.*"

(Henderson files.)

4198 *Government Exhibit 459–M1*

[Telegram]

NEW YORK, N. Y., *21—4:03 p.*

WM. HENDERSON,
Henderson Sugar Refinery, 749 South Peters St.,
New Orleans, La.:

Circular letter mailed today proposing uniform announcement regarding unauthorized diversions carries release date February twenty-fifth and should have been January twenty-fifth Stop. Please correct upon receipt.

THE SUGAR INSTITUTE.

(Henderson files.)

4199 *Government Exhibit 459–N1*

[Telegram]

NEW YORK, N. Y., *23—1:21 p.*

WM. HENDERSON,
Henderson Sugar Refinery,
749 South Peters St., New Orleans, La.:

Enforcement Committee recommends withholding trade announcement concerning unauthorized diversions until language is reconciled with provisions of refiner's individual contracts Stop. Will communicate further recommendation in a few days.

SUGAR INSTITUTE.

(Henderson files.)

4200 *Government Exhibit 459–O1*

THE FRANKLIN SUGAR REFINING CO.,
Philadelphia, February 5, 1930.

To the trade:

The Sugar Institute has adopted a resolution recommending that its members shall, in case any shipment made by them is diverted or reconsigned to a point other than the one to which the buyer instructs them to ship, *require the buyer to pay freight* in accordance with their *ruling freight basis* to such ultimate point of destination. This applies whether the shipment is made under a contract or a spot sale, and whether made from refinery or consignment point.

Where, in carrying out our practice of *tracing all* of our shipments to destination, we find that any such diversion or reconsignment has been made, we shall, pursuant to the Sugar Institute's recommendation, bill the buyer for freight in accordance with our ruling freight basis to ultimate destination, and insist on payment of same.

Yours very truly,

THE FRANKLIN SUGAR REFINING COMPANY.

(American files.)

4201 *Government Exhibit 459–P1*

APRIL 23, 1930.

Mr. FRANCIS R. VANBUREN,
414 Masonic Temple Bldg., New Orleans, La.

DEAR VAN: Replying to your letter of April 18th, in which you suggest that we have our attorneys draw an authorization from the members to the railroads, which will give access to the records of the railroad companies in connection with proposed investigations in Texas, will say that it is the opinion of our attorneys that the authorization which we have already prepared and which is enclosed herewith is as suitable as any that might be drawn for this purpose.

The difficulties encountered by Haskins & Sells were not the result of the form of authorization given them, but because of the Interstate Commerce law which prohibits carriers from disclosing records to any investigator or inquirer without the consent of the consignee.

We hope, in the near future, to have a clause in our refiners' contracts which will take care of this, which will read:

"*Buyer consents that if shipment is diverted* or is reconsigned or is reshipped under carrier's storage in transit privilege, the *carrier may furnish the seller with information as to such diversion or as to such reconsignment* or as to the contents of the car and new destination of shipment."

If this clause is carried in all contracts it will materially facilitate the work of investigations of alleged transit abuses. In the meantime we will have to rely upon the good will of the railroad companies to help us out.

Very truly yours,

FRED G. TAYLOR, *Executive Vice Secretary.*

4202 *Government Exhibit 459–Q1*

Memorandum of proceedings of traffic committee at its meeting of July 22nd, 1930

Sales contract clause.—At the Directors' Meeting of the Domestic Sugar Bureau, February 11, 1930, it was recommended that the following Sales Contract clause be added to the members' Sales Contracts:

"Buyer consents that if shipment is diverted or is reconsigned, or is reshipped under carrier's storage in transit privilege, the carrier may furnish the seller with information as to such diversion or as to such reconsignment, or as to the contents of the car and new destination of shipment."

Discussion was had by the Traffic Committee as to the above contract clause. It was pointed out that in view of the law, as laid down in the Interstate Commerce Act (See Section 15 of the Inter-

state Commerce Act attached) it would be extremely difficult to work out a complete method of tracing cars unless some steps were taken to obtain from the buyers their authority to permit carriers to furnish refiners with this information.

Further, it is the belief of the Traffic Committee that if Institute members wish to follow the car-tracer program through to conclusion, it will be necessary to evolve some plan of obtaining the necessary authority from the buyer.

Storage in Transit Charges.—Discussion was had of the Minutes of the Executive Committee Meeting of June 5th under Storage in Transit Charges, wherein it was the unanimous opinion of the meeting that if a refiner allowed a buyer to order sugar stored in transit prior to the close of the contract period and paid the storage, such practice would be highly unethical.

It was pointed out that deliveries against contracts ex transit stocks or ex consignment stocks should not include any unexpired storage time which has been paid for by the refiner. Sugars delivered against such contracts, and title having passed to buyer, all storage charges should be for the account of the buyer.

Therefore, it is recommended that the granting of unexpired storage time at consignment points or transit points, resulting in free storage to buyers at refiner's expense, shall be considered a special allowance.

Tracing Cars from Consignment Points.—Attention was drawn to the Minutes of the Second Annual Meeting of the Board of Directors, January 16, 1930, under "Preventing Diversions", wherein it was resolved that "on all shipments, including shipments from consignment points, refiners shall trace cars through to destination * * *."

After a brief discussion as to the manner in which this resolution could be effected, it was finally recommended that
4203 Warehouse Delivery Receipts should show date of shipment, initial and car numbers, route, and ultimate destination. Further, the refiners should use the information to trace cars to ultimate destination.

In order that there may be no misunderstanding, this recommendation covers all carload shipments from consignment points and storage in transit points.

4204 *Government Exhibit 459–S1*

Memorandum of Proceedings of Traffic Committee, September 16, 1930

Present: Messrs. Ripley, Raymond, Carling, members of Committee. Messrs. Patterson & Stillman, of the Sugar Institute.

Wisconsin Freight Tariffs: A letter was read from National on the subject of changes which are to become effective September 22, 1930, in Wisconsin freight tariffs. It was decided that this question should be dropped unless something further came up later.

L. C. L. Deliveries at Transit Points.—The Committee discussed letters which had been received from Texas Sugar Refining Corp'n, regarding less than carload lot switch deliveries at transit points. It was the opinion of the *Traffic Committee that it is improper to make less than carload switch deliveries at transit points.*

Ownership of Transit Sugars.—The matter of retaining ownership on sugars shipped out of transit stocks was discussed. Mr. Patterson called attention to the fact that conditions at St. Louis and other points were very similar to those which formerly prevailed in Indianapolis. It was the opinion of the Committee that the ownership should remain, and shipments should be made in the name of the refiner.

The Committee will consider this matter and make a recommendation at a later date.

4205 *Government Exhibit 459–T1*

Memorandum of proceedings of traffic committee meeting, September 23, 1930

Present: Messrs. Ripley, Raymond, Carling, members of Committee; Messrs. Patterson & Stillman, of the Sugar Institute.

Absorption of Switching Charges.—The question of absorbing switching charges, with reference particularly to Duluth, was again discussed, and the opinion of the Committee was still as expressed at the meeting of September 10, 1930. *Mr. Ripley volunteered to confer with Mr. Tyler* on the subject.

Tracing cars.—The suggestion which had been made that the Institute employ men to check *all* shipments was discussed. The unanimous opinion of the Committee was expressed as follows:

"It is the sense of this Committee that sufficient help to check all shipments would be an unwarranted expense. The Committee feels that it would be sufficient at this time to employ the services of one man who would visit the various refineries and check a fair number of shipments as a test."

Storage in Transit & Transit Billing.—The Traffic Committee submitted the following resolution which they recommend to the Executive Committee for adoption:

"WHEREAS the transfer of transit balances outstanding in the name of a sugar refiner to one customer and not to all customers brings about undue discrimination, and

"WHEREAS the misuse of such transit balances contrary to published tariffs is unlawful and may bring actions at law under the Interstate Commerce Act: Now, THEREFORE, BE IT

"RESOLVED, THAT all transit balances be registered in the name of the refiner who shipped the sugar;

"THAT all shipments of sugar from transit points should be made in the name of the registered refiner;

"THAT transit billing on sugars sold locally should be cancelled in accordance with railroad tariffs and in no case transferred to customers;

"THAT the Executive Committee be instructed to draw up
4206 the necessary instructions for refiners to forward to Inspection Bureaus and Brokers."

Code Interpretation on Differential Routes.—Mr. Patterson read an excerpt from letter received from a member, suggesting that Sec. IV, Page 1, of Code Interpretations, covering "General Use of Differential Routes" should possibly be revised as, due to the fact that this was written before the establishment of delivered price points, "It is too broad under present conditions." The members of the Committee felt that they did not want to make any recommendations until they had discussed the matter with theif Sales Departments.

NOTE.—This suggested revision had already been approved by the Executive Committee and was recommended to the Board of Directors for adoption at the meeting of September 25.

Car-Tracer Forms.—The Committee considered all car-tracer forms that have been submitted to the Institute by members. In those cases where a member's form did not comply with the requirements, Mr. Patterson was instructed to write such member advising them wherein their form was incomplete. He was also instructed to request copy of car-tracer forms from those members who as yet had not submitted one to the Institute.

4207 *Government Exhibit 459–U1*

Report of Traffic Committee on Storage in transit and transit billing
(Resolution adopted at Directors' Meeting of September 25, 1930)

The Traffic Committee recommends to the Executive Committee that the following instructions involving transiting of sugar be followed by each refiner:

(1) Effective immediately shipments to storage-in-transit points shall be consigned direct to refiners, in care of brokers or warehouses.

(2) Bills of Lading shall carry the words "For Storage in Transit."

(3) Transit billing on refiners' consignments shall be registered in the name of the refiner.

(4) Transit billing shall not be transferred to any other party.

(5) Shipments from storage-in-transit stocks are to be made only in the name of the interested refiner.

(6) Inspection Bureaus and the Sugar Institute are to be furnished with the names of representatives or warehouses authorized to sign shippers' Transit Certificates and Bills of Lading for the account of the refiners at each storage-in-transit point.

(7) Brokers and warehouses shall be held directly responsible for the proper use of transit billing.

(8) Bills of Lading covering movements from storage-in-transit points shall give itemized list of grades, lot numbers and reference to Transit Bureau or carriers' identifying record.

(9) Shipments from storage-in-transit points under transit tariffs shall be forwarded from transit points with freight charges prepaid. If, at refiner's election, freight charges are prepaid by the broker or warehouse, refiner should reimburse such broker or warehouse only upon receipt of paid expense bill.

(10) The brokers, warehouses, transit bureaus, carriers, and carriers' agents at transit points shall be specifically notified of the procedure outlined above.

4208 *Government Exhibit 459–V1*

Memorandum of proceedings of the traffic committee meeting, September 29, 1930

Present: Messrs. Ripley, Raymond, Patterson, Stillman.

Mr. Patterson called to the attention of the Committee that in the future the actions taken by the Eastern Traffic Commitee were to be submitted to the Western Traffic Committee for their views and comments before being passed on to the Executive Committee for recommendation.

Storage in Transit and Transit Billing.—The Committee considered the instructions which would be necessary in carrying out the resolution adopted at the Directors' Meeting of September 25th, 1930, relative to Storage-in-Transit and Transit Billing. The matter was put over until the next Traffic Meeting.

Consignment Points.—Mr. Patterson advised that the Executive Committee had requested the Traffic Committee to give consideration to the question of consignment points necessary from a traffic standpoint. No action was taken regarding this.

4209 *Government Exhibit 459–W1*

Memorandum of proceedings of the traffic committee meeting, October 1st, 1930

Present: Messrs. Ripley, Carling, Raymond, Patterson, Stillman.

Storage in Transit & Transit Billings.—The Committee again considered the question of instructions that would be necessary to carry out the resolution on Storage-in-Transit and Transit Billing adopted at the Directors' Meeting of September 25th. After due consideration the Committee drew up a set of instructions to be followed by each refiner, which were recommended to the Executive Committee. (See instructions attached.)

Consignment Points.—The question of consignment points necessary from a Traffic Standpoint was briefly discussed and the Committee requested that the Executive Committee give more specific instructions as to the angles from which they were to consider the matter.

4210 *Government Exhibit 459–X1*

JANUARY 16, 1931.

Mr. FRED G. TAYLOR,
Executive Vice Secretary The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR MR. TAYLOR: Referring to your letter of December 10th and Mr. Patterson's communication of December 19th, 1930, advising of the position of the Domestic Sugar Bureau and the California & Hawaiian Sugar Refining Corporation, Ltd., with respect to the diversion, reconsignment, and transiting of sugar in the State of Oklahoma, as presented to you in my letter of November 5th, *we desire to say that we feel these replies give little evidence of a real desire to adopt measures which will be effective in preventing these discriminatory practices.*

Both the Domestic Sugar Bureau and the California & Hawaiian Sugar Refining Corporation, Ltd., in defense of existing conditions, make recourse to carriers' traiffs under which sugar may be transitited and indicate their belief that they are powerless to effectively control these conditions without either the *Buyer's Consent Clause* appearing in contracts, or until such time as the carriers adopt their proposed Storage-in-Transit rules.

The changes provided in the foregoing Storage-in-Transit rules are to the following effect:

1. That the notation "To be Stored in Transit" must appear on the original bill of lading, shipment order, and waybill at the time of shipment from point of origin. In the absence of such notation the privilege of Storage-in-Transit will not be available.

4211 2. The Storage-in-Transit privilege will not be available to a shipment that has before been diverted or reconsigned.

3. A shipment, to be entitled to the Storage-in-Transit privilege, must be completely unloaded into the warehouse at the storage plant, and the shipment when reforwarded must be loaded out of the same warehouse.

4. Sugar of one refiner, producer, manufacturer, or importer must not be substituted for another's, nor cane sugar substituted for beet sugar, or beet sugar for cane sugar. Sugar from one rate territory may not be substituted for sugar from another rate territory.

I wish to call your attention to the fact that under either the Buyer's Consent Clause or the foregoing Storage-in-Transit rules, only by the voluntary exercise of proper supervision by the shipper in tracing shipments and establishing all facts pertaining to diversion, reconsignment, or transiting will either of these measures be

effective. Unless the shippers themselves assume the responsibility of seeing that shipments are not diverted, reconsigned, or transitited for the purpose of defeating the proper selling basis, then the adoption of the proposed Storage-in-Transit rules will not change present conditions to the slightest degree.

Shipments of cane sugar from the Pacific Coast, and beet sugar from Colorado, are being constantly and *continuously manipulated, both openly and covertly*, to defeat the proper selling basis to the discrimination of other shippers, and the solution of the problem is one of *good faith and willingness on the part of all concerned to correct this practice.*

Yours very truly,

Vice President.

(American files.)

4212 *Government Exhibit 459–Y1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 17th, 1931.

Mr. RALPH STUBBS,
American Sugar Refining Co.,
120 Wall Street, New York, N. Y.

DEAR MR. STUBBS: Referring to your letter of January 16th, in reference to alleged diversion, reconsignment, and transiting of sugar in the State of Oklahoma, will say that the Institute has always been desirous of recommending measures that would effectively prevent discriminatory practices of this character.

With this in view, the Institute has been in favor of the Carrier's proposed storage in-transit rules—the buyer's consent clause—and the proposed instructions to warehouses, brokers, and transit bureaux. At the present time none of these are in effect.

Under the present conditions it has been the experience of the Institute that transiting can be effected without the knowledge of the refiner, and even when the refiner is cognizant of the transiting difficulty has been encountered with the transit bureaux when efforts were made to trace shipments to new destination points.

We will be pleased to again refer this matter to the Domestic Sugar Bureau and the California & Hawaiian Sugar Refining Corpn., Ltd. In the interim, if you have knowledge of any accounts which are being *manipulated in order to defeat the refiners' announced selling basis, please advise us.*

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(American files.)

4213 *Government Exhibit 459–Z1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 4, 1931.

Mr. RALPH STUBBS,
American Sugar Refining Co.,
120 Wall Street, New York, N. Y.

DEAR SIR: In reference to your letter of January 16th and previous communications with respect to diversion, reconsignment, and retransiting of sugar in the State of Oklahoma, would say that we have discussed this matter with the Domestic Sugar Bureau. The Bureau realizes that trade practice abuses are prevalent because of the retransiting privileges permitted under existing carriers' tariffs, which abuses may amount to discriminations as between customers of a refiner or producer.

They agree that the adoption of the *buyer's consent clause*, or the establishment of the proposed storage-in-transit rules, depends upon the *integrity of the shipper to assume the responsibility of seeing that shipments are not diverted*, reconsigned, or retransited for the purpose of maintaining the proper selling basis. However, as the storage-in-transit rules now read, the shipper is prohibited from tracing to final destination other than the buyer's siding. The Inspection Bureau will not divulge the ultimate destination under the existing transit rules.

I have been informed that a member has endeavored to trace shipments which have been transited out of Durant, Oklahoma, but was unable to secure information as to final destination point from the carriers.

This matter has again been referred to the California & Hawaiian Sugar Refining Corporation, Limited, and upon receipt of a reply, will immediately supply you with their answer.

Very truly yours,

THE SUGAR INSTITUTE, INC.
By W. W. PATTERSON.

(American files.)

4214 *Government Exhibit 459–A2*

Memorandum of Proceedings of the Traffic Committee Meeting
February 18, 1931.

Present: Messrs. Ripley, Carling, Raymond, members of the Committee; Messrs. Patterson and Stillman, of the Sugar Institute.

The Committee considered the suggestion that when members have new Car Tracer Forms printed they include a space thereon for the signature of the carrier's agent. The Committee was of the opinion that this would be helpful and a majority of the Committee

was of the opinion that such recommendation should be made to the Executive Committee.

The matter of the completeness of the Institute's Warehouse List as to "Storage-in-Transit Points" and warehouses in use at those points, was discussed, and the Committee was of the opinion that the Institute should circulate the membership and the Domestic Sugar Bureau with the request that the Institute be furnished with a complete list of all points where stocks were carried with the storage-in-transit privilege, and also the warehouses in use at these points.

The Committee discussed at some length the matter of Tariffs providing a "Stop-off in Transit to partially unload privilege." In order to prevent the possibility of misunderstandings and to prevent discrimination, the Committee drew up a recommendation to be presented to the Executive Committee for any action it may care to take. Copy of resolution is attached.

The Committee next considered the matter of members reporting to the Institute rates and terms which are quoted to them for water shipments to Canal and Lake ports. The Committee was of the opinion that members should use the same method of reporting these rates and terms, which might be quoted to them from time to time, as was done during 1930. In line with this opinion the Committee suggested the Institute circulate such request to the membership and send copy to the Domestic Sugar Bureau.

4215 *Government Exhibit 459–B2*

Memorandum of Proceedings of Traffic Meeting May 26th, 1931

A meeting of Traffic Men was held at the offices of the Institute at 2 P. M., in accordance with request made by the Directors at their meeting of May 21st:

Present: Messrs. Moore & Nicholson, of Revere; Mr. Ripley, of American; Mr. deLacey, of McCahan; Mr. Angus, of Pennsylvania; Mr. Lasher, of National; and Messrs. Patterson and Stillman, of the Institute.

The purpose of this meeting was to consider the suggestions made by Mr. Westlake, in his letter of February 20, 1931, regarding transiting and the Buyer's Consent Clause; also to consider, and revise if necessary, the recommendations pertaining to Storage in Transit and Transit Billing, submitted by the Traffic Committee to the Executive Committee in October 1930, and to make such recommendations as they deemed proper, to the Executive Committee.

The Committee considered the form suggested by Mr. Westlake, which he calls "Authority from Buyer to Carrier to Furnish Transit Data to Shipper" to be signed by buyer, and it was unanimously recommended that this form be approved by the Executive Committee as outlined by Mr. Westlake (See form attached) at such time as the new transit rules are put into effect.

The Buyer's Consent Clause was considered, and the clause as suggested by Mr. Westlake was revised to read as follows:

"Buyer consents that if any sugar shipped under this contract is diverted, reconsigned, or moved to a destination other than the one shown on the original Bill of Lading, or if the same or other sugar is moved under carriers' storage in transit privilege
4216 on tonnage credits accruing from shipments made under this contract, any carriers, including the Carrier's Inspection Bureau, are authorized to inform the seller as to the contents of car, routing, destination and complete delivery record at ultimate destination on any such movement."

It was unanimously recommended that this clause be approved by the Executive Committee at such time as the new Transit Rules are put into effect.

The recommendations outlined by the Traffic Committee in October 1930 for the purpose of carrying out of the resolution adopted by the Directors September 25, 1930, on "Storage in Transit and Transit Billing" were considered and were revised to read as follows:

"It is recommended that:

"(1) Shipments to storage in transit points be consigned direct to refiners, in care of brokers or warehouses.

"(2) Bills of Lading carry the words 'For Storage in Transit.'

"(3) Transit billing on refiners' consignments be registered in the name of the refiner.

"(4) Transit billing not be transferred to any other party.

"(5) Shipments from storage-in-transit stocks be made only in the name of the interested refiner.

"(6) Inspection Bureaus and the Sugar Institute be furnished with the names of representatives or warehouses authorized to sign shippers' Transit Certificates and Bills of Lading, for the account of the refiners, at each storage-in-transit point.

4217 "(7) Brokers and warehouses be held directly responsible for the proper use of transit billing.

"(8) Bills of Lading covering movements from storage-in-transit points give Brand name, itemized list of grades, lot numbers, and reference to Transit Bureau or carrier's identifying record.

"(9) Shipments from storage-in-transit points under transit tariffs be forwarded from transit points with freight charges prepaid. If freight charges are prepaid by the broker or warehouse, refiner should reimburse the broker or warehouse only upon receipt of paid expense bill.

"(10) The brokers, warehouses, transit bureaus, carriers, and carriers' agents at Transit Points be specifically notified of the procedure outlined above."

It was unanimously recommended that these recommendations be approved by the Executive Committee at such time as the new Transit Rules are put into effect.

4218 *Government Exhibit 459–C2*

Authority from Buyer to Carrier to Furnish Transit Data to Shipper

To All Carriers Concerned:

Carload of sugar shipped by _____
from _____ (Date) _____
(To be filled in by shipper when known)
Consigned to _____
(Destination) _____ (weight) _____
(Car number) _____
(To be filled in by shipper when known)
(Routing) _____
(To be filled in by shipper when known)
This sugar is covered by a contract between _____
_____ and (me) (ourselves) dated _____

In accordance with the terms of the contract under which the sugar contained in the above car was purchased, I (we) do hereby instruct any carrier to furnish (upon request) _____ or their agents the following information:

If shipment is transited under carriers' storage or stopping in transit privilege:

(1) Date tonnage (freight bill) was registered.

(2) The following information on any sugar shipment or shipments made under the transit billing or tonnage accruing from this shipment:

(a) Date of shipment and new destination.

(b) Contents of car.

(c) Date and hour of arrival and delivery at new destination. If car out of transit point is diverted, destination to which diverted, and date and hour of arrival and delivery.

(d) If tonnage not used, date and weight cancelled.

(3) Information as to whether tonnage or tonnage credit is still in force, and weight thereof.

(Signed) _____

4219 *Government Exhibit 459–D2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 20th, 1931.

To All Members of the Sugar Institute, Inc.:

GENTLEMEN: We have recently issued a circular regarding diversions and reconsignments, calling attention to the provisions of the Code Interpretations on this subject. To assist us in our study of this question we would ask you kindly to inform us whether you have had recent cases of unauthorized diversions or reconsignments, and if so, whether they have been handled by you in accordance with the provisions of the Code Interpretations, Section 1, page D2, para. C.

We also desire to complete our files with reference to the resolution adopted by the Executive Committee on July 9, 1930, reading as follows:

"*Resolved*, That all transit balances now outstanding be registered in the name of the refiner who shipped the sugar.

"That all shipments of sugar from Indianapolis on transit billing should be in the name of the refiner whose sugar is being forwarded, and

"That transit billing must not be surrendered to customers on any sugars delivered locally; transit billing on such deliveries to be cancelled in accordance with railroad tariffs.

"It is recommended that refiners instruct all warehouses in which they now carry stocks of this action, and it is further recommended that each refiner notify the Central Inspection and Weighing Bureau of these instructions to warehouses, with a request that the Bureau police the transactions accordingly."

4220 While this Resolution referred particularly to Indianapolis, we understand that some refiners thought it was desirable to apply it in all territory, and therefore circularized all their sales agents to follow this procedure, and notified the freight-inspection bureaus that they had issued such instructions. We are not advised whether all refiners took similar action. Will you therefore please advise us what action you took, and supply us, for our files, with a copy of your circular or instructions issued in the matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

4221 *Government Exhibit 459–E2*

AUGUST 13, 1931.

Traffic Committee Report

The Traffic Committee submits to the Executive Committee for approval, the following revised recommendations for the purpose of carrying out the resolution adopted by the Directors, September 25, 1930, on "Storage-in-Transit and Transit Billing":

It is recommended that—

(1) Shipments to storage-in-transit points be consigned direct to refiners, in care of brokers or warehouses.

(2) Transit billing on refiners' consignments be registered in the name of the refiner.

(3) Transit billing be not transferred to any other party.

(4) Shipments from storage-in-transit stocks be made only in the name of the refiner.

(5) Inspection Bureaus and the Sugar Institute be furnished with the names of representatives or warehouses authorized to sign for account of refiner Transit Certificates, Bills of Lading, and other transit documents, at each storage-in-transit point.

(6) Bills of Lading covering movements from storage-in-transit points show itemized list of grades, lot numbers, and Railroad Inspection Bureau or carrier's transit record.

(7) Shipments from storage-in-transit points under transit tariffs be forwarded from transit points with freight charges prepaid. Freight charges prepaid by the broker or warehouse should be refunded only upon receipt of paid-expense bill.

(8) Brokers and warehouses be held directly responsible for the proper use of transit billing.

(9) The brokers, warehouses, transit bureaus, carriers, and carriers' agents at Transit points be specifically instructed as to the procedure outlined above.

4222 *Government Exhibit 459–F2*

OCTOBER 22, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, N. Y.
(Att. Mr. Fred G. Taylor.)

DEAR SIR: Mr. W. H. Hoodless has requested me to inform you he wholeheartedly approves the addition to the buyer's Consent Clause adopted by the Executive Committee yesterday.

Very truly yours,

PENNSYLVANIA SUGAR CO.,
Office Manager.

MWL: D.
(Pennsylvania files.)

4223 *Government Exhibit 459–G2*:

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 16, 1931.

Mr. W. H. HOODLESS,
Pennsylvania Sugar Company,
1037 North Delaware Ave., Philadelphia, Pa.

DEAR MR. HOODLESS: At its meeting yesterday the Executive Committee, on advice of counsel, adopted an additional clause to be added to the "Buyer's Consent Clause" as adopted at the last Directors' Meeting. With this addition, the "Buyer's Consent Clause" will read as follows:

"Buyer consents that if any sugar shipped under this contract is diverted, reconsigned, or moved to a destination other than the one shown on the original bill of lading, or if the same or other sugar is moved under carriers' storage-in-transit privilege on tonnage credits

accruing from shipments made under this contract, any carriers, including the Carriers' Inspection Bureau, are authorized to inform the Seller as to the contents of car, routing, destination, and complete delivery record at ultimate destination on any such movement, *and the seller is authorized to convey this consent to the carrier or carriers.*"

(NOTE.—The added clause is underscored.)

It has been indicated to us that counsel for carriers feel that this addition is desirable, and in that it does not in any manner change the effect or purpose of the clause as passed, the Committee desires that you immediately advise the Institute of your approval of the addition, in order that the lapse of 15 days in which to register objections may be avoided.

We will appreciate your prompt reply.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

4224 *Government Exhibit 459–H2*

SAVANNAH SUGAR REFINING CORPORATION,
October 21st, 1931.

(Memorandum to B. A. O. from T. O.)

At the last meeting of the Board of Directors of the Executive Committee it was unanimously agreed that two clauses be added to the present form of contract of the refiners—one known as the "Buyer's Consent Clause" and the other known as the "Change in Destination Clause." The purpose of these two clauses is to enable the refiners to get information from railroads when a buyer changes the destination of the shipment. As far as we are concerned, we have always been able to get this information, but some railroads, particularly those in the East, have taken the attitude that, after a shipment has been made from a transit point, the buyer of the sugar is the shipper and not the refiner. The "Change in Destination Clause" is one that we wish to incorporate because it covers such situations as have arisen with us when, for instance, Thomas & Howard orders out a car to Chester and then diverts it to Charlotte or Salisbury.

Will you please have rubber stamps made up which we will stamp on the back of our contract subsequent to November 1st; have the printing in as small a type as possible consistent with legibility. When we need to print new contract forms we can then have these two clauses printed. The clauses are as follows:

"Buyer consents that if any sugar shipped under this contract is diverted, reconsigned, or moved to a destination other than the one shown on the original bill of lading, or if the same or other sugar is moved under carriers' storage-in-transit privilege on tonnage

credits accruing from shipments made under this contract, any carriers, including the Carriers' Inspection Bureaus, are authorized to inform the Seller as to the contents of car, routing, destination, and complete delivery record at ultimate destination on any such movement, and the seller is authorized to convey this consent to the carrier or carriers."

"Price, terms, and conditions covered by this contract are conditioned upon the destination shown on bills of lading being the ultimate destination of shipments made hereunder. In the event buyer, in any manner described in the preceding clause hereof, moves any shipment or utilizes transit tonnage accruing under this contract, seller's price, terms, and conditions in effect on date hereof at the ultimate destination of such shipment shall, at seller's option, apply in lieu of those contained in this contract."

(Savannah files.)

4225 *Government Exhibit 459–12*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York; October 29, 1931.

For the Information of Members.

American announces:

"Effective November 1, 1931, all contracts entered by us covering new business will carry the following provisions, which will be made a part of the contract:

"'Buyer consents that if any sugar shipped under this contract is diverted, reconsigned, or moved to a destination other than the one shown on the original bill of lading, or if the same or other sugar is moved under carriers' storage-in-transit privilege on tonnage credits accruing from shipments made under this contract, any carriers, including the Carriers' Inspection Bureaus, are authorized to inform the Seller as to the contents of car, routing, destination, and complete delivery record at ultimate destination on any such movement, and the seller is authorized to convey this consent to the carrier or carriers.

"'Price, terms, and conditions covered by this contract are conditioned upon the destination shown on bills of lading being the ultimate destination of shipments made hereunder. In the event Buyer, in any manner described in the preceding clause hereof, moves any shipment or utilizes transit tonnage accruing under this contract, Seller's price, terms, and conditions in effect on date hereof at the ultimate destination of such shipment shall, at Seller's option, apply in lieu of those contained in this contract.'

"On all direct shipments to transit points other than Rochester, Buffalo, Cleveland, Toledo, Detroit, Chicago, and Milwaukee (which points are covered by our announcement of September 3, 1931) shipment will be made to ourselves in care of the buyer. If the buyer

expresses a desire to take advantage of the transit privilege authorized by common carriers' tariffs, request for the registering of transit billing must be made upon us or our broker promptly, in order that such billing may be registered in our name with the inspection bureaus or the carriers' agents within the prescribed ten-day period. When transit privilege is exercised, if our ruling freight basis in effect on date of arrival at destination to which sugar is moved from transit point is higher than our ruling freight basis at transit point, such higher ruling freight basis will be applied. Freight charges from transit point to destination will be refunded by us to buyer only upon presentation of original paid expense bill."

(Revere files.)

4226 *Government Exhibit 460*

[Letterhead of Arbuckle Brothers]

NEW YORK, *January Sixteenth, 1931.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. W. W. Patterson.)

GENTLEMEN: Answering your favor of 14th, you are reminded that statistical reports are a very sore spot with us and came pretty near keeping us out of the Institute. To smooth the way for our joining, the proposed by-law on the subject of reports was amended to permit us the degree of freedom that we insisted upon. We feel that we have gone much further in our reports to the Institute than we ever expected to go in the first place, and although our first thought was not to make any pre-institute reports, we realized the importance of having the results of the years 1925, 1926, and 1927 reported to the Institute *to serve as a basis for allotment.* Then came the feeling that allotments were not in order and no good came of making our reports for the three years indicated. It will not be our pleasure to make any reports prior to the year 1925.

Very truly yours,

(Sgd.) ARBUCKLE BROS.

(Institute files.)

4227 *Government Exhibit 461*

[Letterhead of W. T. Eldridge]

SUGAR LAND, TEXAS, *February 17th, 1928.*

Judge SIDNEY BALLOU,
Exe. Sec'y. The Sugar Institute, Inc.,
New York, N. Y.

MY DEAR JUDGE: Answering your favor of the 14th inst.:

I am attaching hereto Imperial Sugar Company's voucher #2763, for $3,229.00, which represents 1¢ per thousand on their 1927 melt.

I am also attaching the original letter from our broker in Dallas, which is self-explanatory, and I would appreciate your handling the question raised by Mr. Overton, with the Institute and advise whether or not it would be in order for the Imperial Sugar Company to waive this differential charge.

Another attachment is the original letter from Mr. Ulrich, V. P. & G. M. of the Sugar Company, which is self-explanatory.

One point overlooked by Mr. Ulrich in his letter to me is in regard to the beet situation. We are situated here in between the wedge, with the Beet and the C. & H. all in the territory served by the Imperial, and in this territory we are selling sugar at 10 points below any other quotation on cane sugar, and *unless the Institute or some other pressure is brought to bear on the C. & H. to get them to withdraw their guarantee I do not know what the Imperial is going to do*, as I advised you last week we are closed down and as I wrote you yesterday our business is very light, and I doubt if we would do as much business as we are now doing if it were not for the mixed car arrangement we have at Sugar Land.

We are endeavoring in every way possible not only to live up to the spirit but to the letter of the Ethics of the Institute, but it is necessary that relief come from some source regarding the
4228 competition we have to meet, and I hope that some influence or *pressure* can be brought to bear to get the C. & H. to withdraw their guarantee in Texas and Oklahoma, *so as not to force us to meet that competition.*

In your telegram of February 10th, you stated you would have to look up our letter regarding the Houston Central warehouse, so for fear that you have been unable to locate this letter, I am attaching copy of a letter Mr. Ulrich wrote me, together with my letter of Jan. 28th addressed to Mr. Post.

As all the matters raised in this letter and the attached communications are important to the Imperial Sugar Co., I want to earnestly request that early consideration be given to same, and that you wire me the decision.

With kind personal regards, I am,

Yours very truly,

W. T. ELDRIDGE.

4229 *Government Exhibit 461–A*

[Copy of original telegram]

SUGAR LAND, TEX., *Feb. 21, 1928—10:09 A. M.*

Judge SIDNEY BALLOU,
Care the Sugar Institute, Inc., 129 Front St.,
New York, N. Y.:

Appreciate very much information contained your wire. *Hope your personal pressure will result C. and H. withdrawing guarantee* in Texas Stop. We are declining store sugar *Central Warehouse*

Houston until receive ruling from you, although C. and H. storing with them and we are losing their business account position we take Stop. Great Western coming into Texas Gulf coast after business, taking maximum absorptions.

W. T. ELDRIDGE.

FEB. 21, *10:13 A. M., 28.*

4230 *Government Exhibit 461–C*

[Mimeograph]

JUNE 4, 1928.

Circulated for the Information of Members The Sugar Institute, Inc.

MAY 26, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Attention Mr. Sidney Ballou, Executive Secretary.)

GENTLEMEN: This refers to a recent conversation in Chicago with a Committee from your Institute in which we were requested to withdraw our Guarantee to Arrival.

At that meeting we presented all the reasons why we could not see our way clear to comply with your request but finally advised we would submit the whole question to our Board of Directors. This we did on the 24th instant, and we have been directed to say the following to you:

The California and Hawaiian Sugar Refining Corporation *cannot agree* that the practice of guaranteeing price to arrival constitutes one of the *evils* of the sugar business, or that, when it is practiced openly and made a part of publicly announced terms, it is unethical. When the Sugar Institute was in process of formation in New York, you will recall that, through our representative at the time, Mr. Ballou, we made clear to your members our position with respect to the guarantee and the economic and practical reasons back of it, the principal one being the geographical disadvantage to which Pacific Coast refiners are subject by reason of the longer time sugar is in transit to the principal markets of the Middle West as compared with refiners in Louisiana and on the Atlantic Seaboard.

4231 We regret that we cannot concur in your view of this matter, that our policy in this respect cannot be changed, and that we are unable to subscribe or conform to any declaration of ethics which would condemn this custom as unethical or unbusinesslike.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION,

(Sgd.) GEO. M. ROLPH, *President.*

(See letter to Fox 6/5.)
(McCahan files.)

4232 *Government Exhibit 463*

MAY 28, 1929.

Mr. GEORGE M. ROLPH,
California & Hawaiian Sugar Refining Corp.,
215 Market Street, San Francisco, California.

DEAR GEORGE: With reference to our recent exchange of telegrams, I should like to say that my conversation with Richard Cooke was in response to his inqury as to what disadvantages resulted from the C. & H. not being a member of The Institute.

My reply was that the main disadvantage was that in the absence of such membership it was impossible to build up a feeling of trust and cooperation to replace the atmosphere of suspicion and distrust from which the industry had suffered so long. Such a change cannot be brought about suddenly; it is the result only of constant meeting and constant working out of mutual problems. It has been very interesting to me to see this change gradually come about as each man comes to realize that the word of the other man can be depended upon and that 90% of the charges of violation of ethics prove to be unfounded while practically all the rest can be traced to slips in organization, which are corrected when discovered.

There is no substitute for personal contact in this regard. I have seen such repeated personal contact change men like Bruyn, of National, and Cody, of Arbuckle, from open hostility to The Institute to its ardent supporters and best workers.

Another disadvantage, to which I referred at length, was the manner of handling alleged complaints of violation of ethics. I told Cooke that within The Institute these were brought around the table for open discussion, with the result that they were usually disproved and always corrected. I told Cooke that your method, on the contrary, was to make up your own mind as to the truth of the accusations and to take your own measures accordingly.

I think there can be no doubt as to the correctness of this statement in spite of the fact that you are able to refer to a number of complaints brought by you, or referred by you, to The Institute. Henry Flarsheim told me some time ago that he was tired of making complaints and that he proposed to "meet competition" as he found it. You and he, in my office, told me that you were satisfied that American and Godchaux were selling sugar at 4.75 when their list price was 4.90 and that you proposed to meet this by dropping your price to 4.75, which was afterwards done.

4233 Since my conversation with Cooke, we have had another instance of this method. Our members learned, indirectly, that you sold your contracts of May 7th in Wisconsin with terms of payment, seven days after arrival by barge shipment "to meet competition."

Diligent inquiry by the Domestic Bureau and ourselves has failed to disclose what competition you were meeting, or thought you were meeting. You, apparently, thought you had information on which

to act, and acted accordingly. Under Institute methods, any statement, that a refiner was thus selling contrary to his open announced terms, would have been investigated and if any correction was needed, it would have been along constructive, and not destructive, lines.

It was in connection with the method of settling complaints around the board that, in my conversation with Cooke, I referred to a complaint just received at to your storing sugar with Railton & Company in Chicago. I did not bring this up as an accusation of which I was satisfied you were guilty; on the contrary, I told Cooke that I believed some explanation would be forthcoming or, that if any slip had been made by your brokers, it would be corrected. I referred to it as showing that we received complaints against the C. & H. which, on their face, were as convincing as many of those upon which you acted in taking retaliatory measures against members of The Institute. I pointed out to Cooke that if we adopted the measures frequently used by you, we should seek some method of meeting the competition thus apparently created instead of bringing it to your attention and then accepting your denial at 100% value.

I may remark in passing that this particular statement was made by a member of the Railton organization, who was in position to know to a man of unquestioned trustworthiness, whom he did not know to be interested in sugar but who happened to be enough interested in The Sugar Institute and its workings to report the conversation. It is very seldom that such a complaint comes so directly through a disinterested source instead of through the statements of interested competitors or brokers.

I may also remark in passing that it is very interesting to see from your telegram how to assume that your denial, although apparently made without time for investigation on the ground, would be at once accepted, while the denials of American and Godchaux, as to their 4.75 sellings, seem to roll like water off a duck's back, so far as you and Flarsheim are concerned.

So far as you refer to not reporting price changes is concerned, I have no quarrel with your taking statement of law from your
4234 attorneys. I am sorry however, in view of the inconvenience which invariably arises, that you also let your attorneys dictate your business policies.

I quote from Judge Devine's opinion, which you left with me, as follows:

"Now, no careful group of men will assume that the Court meant anything more than its opinion specifically stated, nor will such a group assume that the Court will be more liberal in its interpretations of the law in determining any new case that may be brought before it, and upon such assumption engage in doing things that have not, as yet, been sanctioned by the Courts. It no doubt seems to some that in determining probiems with which our Bureau is confronted we are sometimes inclined to split hairs and, in a meas-

ure, show the countersign of fear, but the line of demarcation between what is proper and legal and what is not is so narrow that we can better afford to err on the safe side than to do otherwise, and later perhaps find ourselves enmeshed in embarrassing, if not serious, litigation. If our organization has so far been helpful to the industry it stands for, why take unnecessary chances and perhaps destroy its usefulness altogether?

"This Association is very fortunate in having as its Secretary a man of this type, who, while highly progressive and receptive to new ideas, is anxious to keep to the straight and narrow way blazed by the decisions of the Supreme Court as expounded by your Counsel."

These are not statements of law—they are statements of policy. It appears very clearly from Judge Devine's review of the U. S. Supreme Court decisions that if the policy he advocates had been universally followed by business men there would be no trade associations today. As he points out very clearly—

"The decisions in the Hardwood case in 1921 and the Linseed Oil case in 1923 were accepted by many of the leading lawyers and business men of the country as sounding the death knell of the trade association movement, because, upon a fair interpretation of those decisions, they felt that the mere interchange of statistical information was alone sufficient to determine the illegality of the plan."

4235 If, at this stage of legal history, those in charge of the Maple Flooring and Cement trade associations had followed the advice as to policy laid down by Judge Devine, they would have kept within the straight and narrow way blazed by these decisions and we should never have had any Maple Flooring and Cement cases decided at all. Yet, Judge Devine apparently finds cause for congratulation that the business men of the United States were courageous enough to adopt a different policy under the influence of a Secretary of Commerce who was neither a lawyer nor pretended to give legal advice.

While the Institute does not take its business policies from its attorneys, I would not have you understand that there is any difference of opinion, however slight, between our lawyers and ourselves. The difference, as I see it, is this: Judge Devine asks you, in the interest of safety, to presume conclusively that all trade-association questions, not already specifically decided by the Supreme Court, will, in the future, be decided against the trade associations. Sullivan & Cromwell, on the contrary, while recognizing that some questions remain uncovered by the Supreme Court decisions, bring their own legal knowledge to bear upon such questions and advise us as to those questions which they think should be resolved in our favor and those which, although practiced by many trade associations, they think should not. As an example of the first, is our present method of acting as a disseminating medium for price announcements already made public by refiners? As an example of the second, I might cite agreements upon package and grade differentials which are made and pub-

lished by most trade associations, but which our attorneys think are unsafe. It seems to me that it is the business of a good lawyer to give you advice on undecided points, particularly when necessary to carry on a great constructive business movement, and not to take refuge in the policy that unless something has already been specifically decided favorably by the Supreme Court, you must not do it.

Sincerely yours,

SB/V.
(Institute files.)

4236 *Government Exhibit 464*

[Telegram]

JULY 11, 1928.

Mr. GEORGE M. ROLPH,
California & Hawaiian Sugar Refining Corp'n,
215 Market Street, San Francisco, Calif.:

Personal and confidential. At last four weekly meetings *I have repeatedly urged further postponement of contemplated action to meet situation caused by your Confectioner's* A, several refiners stating that they were ready to announce all coarse grades of granulated, including standard, to be sold on basis Stop. Each time I have promised to wire asking for your decision and each succeeding meeting I have been obliged to report no tangible progress Stop. Would greatly appreciate if you could give me an approximate date at which you expect to arrive at conclusion as to what action, if any, you
4237 intend to take on matter of conforming to standards of sugar.

SIDNEY BALLOU.

4238 *Government Exhibit 464–A*

[Telegram]

JULY 24, 1928.

GEORGE M. ROLPH,
California & Hawaiian Sugar Refining Corpn.,
215 Market Street, San Francisco, Calif.:

Personal. *I expect competitive action to be taken to meet your Confectioners' Double A* at basis. The only object of this telegram is to assure myself that there was no misunderstanding due to my fault in not mentioning this grade in my personal wire July eleventh Stop. The two grades seemed so obviously coupled together and had been specifically referred to so often, as in my official telegram of June sixth, that I did not think any misunderstanding could arise from not repeating Double A in latest telegram, but I should be relieved to know that there would be no claim of misunderstanding on this score and that your new list means, as is understood here, a considered decision not to change Double A.

SIDNEY BALLOU.

4239 *Government Exhibit 464–B*

[Copy]

JANUARY 21, 1929.

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: My recollection is that, at the Directors' meeting on November 15th/16th, it was informally stated that the *C. & H. were to withdraw their sale of the grade known as "Confectioners' AA"* and quote a "Medium Granulated" at basic price and a "Confectioners' A" at 5¢ per 100 lbs. *above basic price.*

Can you tell me if my recollection is correct and, if so, whether or not the C. & H. have followed this policy?

Yours very truly,

LOUIS V. PLACÉ, Jr.,
Vice President.

4240 *Government Exhibit 467*

[Copy]

JULY 17, 1929.

Mr. GEORGE M. ROLPH,
California & Hawaiian Sugar Refining Corporation,
215 Market Street, San Francisco, Calif.

DEAR GEORGE: Your letter of June 4th concerning the relations of the C. & H. to the Institute has remained unanswered mainly because the constant pressure of details has left little time for concentrated thinking.

At the outset I wish to repeat that I did not go out of the way to raise this issue with Mr. Cooke, but was answering his direct inquiry as to the disadvantages which I found in the C. & H. not being a member of the Institute. I naturally told him what, in my opinion, those disadvantages were. There is a debit and a credit side to every ledger and you have ably set forth the credit items of the course which you decided to follow.

I am somewhat at a disadvantage in setting forth the debit side as it is to a certain extent intangible and psychological and, of course, correspondingly hard to demonstrate. Someone once said that Boston was a state of mind and I am sure that the Institute in the last analysis is the same thing. That state of mind must be built up gradually and in so building it up there is no substitute for personal contact. As long as a man stays outside he is an object of distrust and suspicion and his motives are usually misconstrued. This was the general attitude among refiners when the Institute was formed. Things are not perfect yet but the change from that attitude to one of trust, confidence, and mutual cooperation has been most marked.

In this change of attitude the C. & H. has not shared, either in what you think of the Eastern refiners or what the Eastern refiners think of you. Real cooperation is therefore impossible. It may be that geographical distance in itself would have been an obstacle to your meeting with us often enough to produce this result, but I have always regretted that you did not at least carry out your proposal to have someone of the caliber of George Montgomery, whose business it would be to attend the meetings both of the Institute and the Bureau.

While I am writing personally, I will also refer to a previous letter of yours on the general subject of Formula No. 1. You seem to think that there is some dispute as to this formula but I can
4241 assure you there is little or none. The only difference of opinion comes as to its application and it is along this line that you are quick to see its limitations when applied to the relations between your company and the beet sugar companies, while you apparently cannot see that the same limitations apply as between imported sugar and your domestic cane production.

You are just as much worried about beet competition as the Eastern and Southern refiners are worried about yours. In fact, you have been considering a very expensive price war with the idea of getting the beet differential back to *10¢* in the Middle West. Now, looking at it in a broad way, it is foolish for the refiners of Hawaiian cane to meet any beet differential made in order to dispose of their product. The beet companies have a certain amount to sell and no more, and the increase of their differential simply means that they sell it and sell it in a shorter time than they might otherwise have done. The sales that the beet people accomplish by keeping a twenty-point differential do not in any way affect the quantity of sugar that the C. & H. and Western are going to refine and sell.

If the above sermon sounds a little foolish to you, go back and read your letter to me of May 16th, from which it is taken almost verbatim with the necessary change of parties. I know, of course, that you would reply to an argument like the above with the statement that it is a question of the territory in which the beet people sell; that they naturally pick the most favorable territory; and that you must keep your share of favorable territory and not be driven entirely into the most unfavorable.

This is exactly the reason that the Eastern and Southern refiners cannot ignore your competition, with the added and most important reason that whereas the beet competition affects your merchandising as a whole, your competition affects not one but a dozen different companies, each of which has an entirely different problem to solve.

In other words, you apply Formula No. 1 not only as though all territory in which you sell were uniformly favorable but also as though all Eastern and Southern refiners constituted one corporation. You simply cannot see why the Eastern refiners (considered as a

whole) should compete to drive any of your sugar out of the Chicago market when the inevitable result of it will be to increase the amount which you send through the canal and sell in the South. If you were running the National, Pennsylvania, Spreckels, or McCahan, you would see this much more clearly than you see the disadvantages of trying to market sugar against a twenty-cent beet differential.

4242 This whole subject received a thorough test when at the beginning of 1928 the Institute members abandoned their guarantee and therefore left you in complete control of the Chicago market. A few months' trial showed them that it simply would not work. Hoodless, who is one of the most practical men in the game, was the first to tell me that Pennsylvania was simply obliged to have its share of the Chicago market and would have to restore the guarantee to get it. He knew all about the bucket of water and the balloon which is punched in on one side. He was not under the slightest misapprehension as to the fact that you were going to sell the same quantity of sugar and that it would have to go somewhere else, presumably through the canal. The sugar you ship to New Orleans and Texas, however, means nothing in the life of Pennsylvania, while the Chicago market does. He was therefore very reluctantly obliged to restore the guarantee which the Eastern refiners had hoped to keep out of their calculations.

Now, when your sugar gets down to New Orleans and Texas and you start in to cut the price, the boot is on another foot. Pennsylvania is not concerned and would be glad to ignore your prices and let you sell all the sugar possible in that territory. You cannot imagine, however, that it is in the interest of Texas City, Imperial, and Godchaux to let you play havoc in their most favorable territory on the theory that you were going to sell that sugar somehow and somewhere. No individual company wants you to do it in his own front yard, in which case you are again in the unpopular position of the polecat at a picnic.

When you talk of coming further East, even as far as New York, you seem to think that this possibility would be a deterrent against competition in the markets in which you now operate. Doubtless no individual company wants you in its home territory, but from my position from which I look at the industry as a whole, the further you come and the thinner you spread your competition, the better I should like it. I believe that when you get in a jam such as you were in this Spring it is self-evident that it is because you have been trying to sell your fixed quantity in too restricted a market.

Sincerely yours,

SB:BMF.

(Institute files.)

4243 *Government Exhibit 468*

NOTES RE CHICAGO MEETING

1. Can we consider consignment points independent of transiting abuses?

2. Is there any plan other than those already proposed to correct transit abuses?

3. Texas presents a very delicate situation. Unless satisfactory local remedies can be found, a major operation will soon be resorted to, and which, particularly in the interest of Texas refiners, should be avoided if possible.

4. We have voluminous detailed complaints from various parts of the *Texas* market, including adjacent States, and I believe they are nearly all related to *warehouse* and *transit abuses.*

4244 5. If freight pickup is to continue, plans must be adopted that are less susceptible to manipulation and be supported by a greater effort in cooperation than has ever been had in the past.

4245 Present: Moog, Thompson, Moore, Armstrong, Murphy, Ellingson, Vidal, Gilmore, Baker, Blair.

TAYLOR DOUGLAS.

4246 1. Alleged advertizing allowance at K. C. & St. Louis. Flarshiem & Consumer's Milk Products case.

C. D. Robinson & Co. at St. Paul warehouse question.

Cameron & Hearne Diversions.

Waco: American abuses were prevalent.

Godchaux: Diversions at Waco. Kelly Transfer.

Early-Foster: Abuses on shipments from consignment points.

Must trace shipts. from consignments.

Permitting shipments to Texas points (Farwell) and allow-

4247 ing Pig-Wig-Portola to transfer and cars completely unloaded.

Moog recommends discontinuing all transit points in Texas, including Waco, Dallas, Amarilla, and retaining only Houston, Beaumont, Sugarland, and Texas City, which will be considered refinery points.

Murphy states understanding that *any* plan now in force is temporary or for trial. Cannot be regarded as permanent.

4248 Reeve says their plan is rigidly in effect.

Can "the original freight bill" be had—asks Douglas.

Murphy says: Of all claims made at his office—only two presented originals.

Baker suggests that plan would probably prevent abuses if carriers cooperate.

Thompson says it is a part of his contract to supply a bill of lading. Except for C. O. D. customers.

Baker asks if R. R.'s have been opposed to manipulation in many commodities. Mentions beans as an item subject to abuses
4249 which the R. R.'s have known and winked at.

Thompson or Moore says Texas lines are very anxious to cure situation. They will lose no money by it and it is claimed that they will make an honest effort to correct matter.

Douglas refers to Western Weighing Assn. records, showing that they have knowledge of abuses. Asks that it be discontinued.

Great Western thought they could not *agree* to cut out storage in Texas.

Carried sugar there for two reasons—to accommodate customers—to facilitate our own storage problems.

Thompson asks Gilmore what C. & H. thought of the plan proposed.

Baker asked rezoning refining transit & consignment points.
4250 The question of the legality of limiting transiting points.

Gilmore suggests that changing long practice would cause hard feelings.

Baker doubtful.

Murphy: How will it be accepted by the trade?

How can we get original freight bills?

Cites case of jobber who might buy 2 cars from each region.

Thompson explains to Baker the history of the Texas rate structure.

Baker asked regarding the use of the N. O. rate.

Opinion it would invite competition that would aggravate
4251 situation. Mr. Armstrong says we have to adjust this or pay an enormous bill in terms of acceptance.

He says they propose to do it regardless, as they will not be responsible for its failure.

Douglas suggests that beet people would not want to change to freight-collect practice.

Mr. Murphy says larger jobbers are in sympathy with correction.

Gilmore raises the question of the legality of our proposals.
4252-4253 2. What limit can be placed upon transit points for Refiner's sugar.

Moog refers to original recommendation of Southern Consignment Comm.

Memo.—Houston, Beaumont—Ports of E. Sugar Land—Texas City—Refinery Pts., Waco, Dallas, Amarillo, storage in transit. (No other consignments.)

4254 Can we limit consignment points?

C. & H. not ready to reduce consignment points. Mixed cars principal objection.

Long discussion was had regarding the inequality of mixing other syrups against Karo syrup.

Moog reads letters ex. between Ins. & C. & H. Indicating that C. & H. were only waiting the action of Domestic Bureau.

Douglas commented on the telegram which seemed to dispute present attitude. Suggests changing R. R. tariffs—taking syrup out.

4255 Moore explains unethical action of his company and the motives which led to it.

Gilmore says: "Should not have happened." Violation does not justify immediate acceptance of new plan.

Murphy talks of mixed-car situation. C. & H. should have opportunity of equalizing their opportunities—thus the 60,000
4256 min. of sugar. Has explained to jobbers that consignment situation depends on solution of mixed-car problem. Recites evils of consignment in excess quantities.

Moog suggests joint action of southern ref. to have mixed tariffs withdrawn.

Moog suggest: Agree to some plan of reducing consignments with the understanding that we take immediate action to eliminate mixed-car tariffs.

Murphy suggests: Wait on syrup people.

4257 Gilmore: 3 things—mixed cars, transiting abuses, Code of Ethics.

Murphy suggests: All buyers who refuses to surrender expense bill shall have their names published to the other members.

4258 Re: Plan to correct transit abuses:

1. It is a temporary plan.
2. Carrier cooperation.
3. Buyer (Jobber) cooperation (?).
4. Mechanics of invoicing.
5. Return of original expense bill. Problems.
6. Mixed-car problem * * *.
7. Reduction of consignment points.

Wherever *any* deduction is made from an invoice, such deduction must be supported by prepaid.

Murphy reiterates the position of his company, and suggests working out this problem by processes.

4259 AUG. 28, 1929.

Gilmour: Willing to consider adjustment of consignment points if and when other question is solved.

Doubts the equalizing advantage of 600-bag min. in the mixed car matter.

Thompson could not cancel contract with Corn Products without consultation with principals.

Mr. Baker states that he would *not* agree to restrict cons. point as long as the mixed-car competition confronted them.

Murbly suggest: Serve notice on syrup people that we intend to divorce sugar or syrup mixtures. Invite them to discontinue mixed business on a voluntary basis.

4260 Drylos: Find out what the Bureau members will do?

There has been no list of cons. points of Ins. that has not been observed by Institute.

Ins. have taken no action in regard to our proposed list.

Moog raises the important point that unless all expense bills are returned they may be used for transiting other sugars—substituting other sugars.

Thompson asks: No new consignment points to be opened?

4261 TRANSIT ABUSES

It was the expressed opinion of various individuals of the group that practically all of the prevalent transit abuses could be corrected by the adoption and rigid enforcement of a rule providing that no freight deductions from invoice should be recognized unless supported by the surrender of the original paid freight bill with remittance to refiner.

It was pointed out by Mr. Moog that the surrender of all original expense bills would be necessary, as points that were not "susceptible" to manipulation from one transit point, were susceptible from another, and if any original freight bills covering shipments to such point were not surrendered a substitution of sugars against it could be made for retransiting.

4262 MIXED CARS

The mixed-car problem was discussed at length. An effort was made to reconcile the western producers to the present mixed-shipment practice, it being claimed that the greater evils of mixing were removed by the practice of including 60,000# min. of sugar in each mixed car.

Those who were opposed to the mixed-car idea admitted that the 60 M. min. helped some where there was a wide general distribution of consigned stocks from which l. c. l. quantities might be purchased, but if the southern refiners design to remove or very substantially restrict consignments was effected, the 60 M. min. would increase rather than decrease their objections to the mixed-car practice. The point claimed in the matter was that the advantage of syrup inclusion would be used to sell the larger min. quantities of sugar to each buyer who, having no available consigned stock from which to draw in his carload, would be obliged to take 60 M., to
4263 the increasing disadvantage to the Refiner or Producer who had no syrup. No harmony of thought was developed regarding the matter.

The question of having the mixed-car tariff withdrawn was discussed at length. The Southern Refiners expressed a willingness

to attempt this if they could be assured that it would result in a withdrawal of all consignment points in Texas, but having no such assurance they thought it inadvisable to resort to such drastic remedy.

Mr. Murphy suggested that the voluntary action of the syrup producers could settle the matter by their refusing to include their syrup in mixed cars, and it was thought advisable to confer with them, if and when the matter of eliminating consignments had been satisfactorily determined. It was the consensus of opinion
4264 that this suggestion be followed.

CONSIGNMENT POINTS

Much discussion was had regarding consignment points. The Southerners were agreeable to the idea of discontinuing all consignment points, and accepting the other recommendations of the Southern Consignment report as to transit point and reconsignment points. They were not opposed, however, to increasing the number of reconsignment points recommended by the committee.

Mr. Douglas of the Domestic Bureau proffered to determine the attitude of interested bureau members on the question and advise the Inst. at some early date.

4265 Agreed any ded. must be made only upon return express bill. If refused ———— and refuse to sell.

NOTE.—A b/l may be used to divert sugar in transit, but it can only be retransited from original destination by presentation of the original freight bill.

Transit points are points from which freight originates and reconsignment points are those from which sugar is or may be reshipped in c/l lots only—even rail use—for local forwarding.

Consignment points are those points where storage stocks may be held for local l/c/l delivery.

4266 CODE VIOLATIONS

Certain violations of the Code of Ethics were referred to at various times. Frank admission of past violations of the Code of Ethics, under what were claimed to be extenuating circumstances and severe provocation. The parties making the admission let it be known that it was their purpose to henceforth observe the Code—not only in Texas—but in every other territory and in all respects.

4267 CHICAGO MEETING TO DISCUSS TEXAS PROBLEMS

The discussions of the several sessions of the meeting were concerned largely with the following subjects:

1. Transit abuses.
2. Consignment points.
3. Mixed cars.
4. Code violations.

4270 *Government Exhibit 469*

[Copy]

THE AMERICAN SUGAR REFINING COMPANY,
New York, August 14, 1929.

Mr. E. V. RHODES,
Vice President Texas City Sugar Refining Company,
Texas City, Texas.

DEAR MR. RHODES: I have your letter of August 8th.

We do not care at present to join in any petition to the Texas and Louisiana lines in reference to enforcing the present provisions of their transit tariff. We could not sign any letter which indicated that only sugar originating in Louisiana was being transited improperly and leave the inference that "possible" this is true in Texas. You know as well as we do that sugar shipped by Texas refiners has been improperly transited.

I understand that at the last Directors' Meeting of the Institute a plan was suggested by you and Mr. Thompson for taking care of the Texas situation, which *we assented to as a temporary measure. The minutes of the meeting show the action which was taken. We have been following the practice outlined since that time and will continue to do so for the present, provided other interested refiners do so.*

Yours very truly,

P. M. RIPLEY,
Traffic Manager.

(Institute files.)

4271 *Government Exhibit 470*

[Telegram]

TEXAS CITY, TEX., *Oct. 15, 1929—11:41 a.*

Judge SIDNEY BALLOU:

Deliver care The Sugar Institute, 129 Front St., New York, N. Y. Your telegram of yesterday leaves me in doubt as to exactly what proposition directors voted on *and we withheld first, whether proposition was to adopt New Orleans rail rate as basis for prepay;* second, whether proposition requiring Texas refiners ship sugar to all Texas points collect, allowing customer credit for freight on surrender original paid freight bill without transit notation; or, third, was proposition as outlined in your telegram of yesterday. Please help me out with complete advice today.

H. B. MOORE.

(Institute files.)

4272 *Government Exhibit 470–B*

[Telegram—Night letter]

OCTOBER 16, 1929.

American—by hand

Send to Godchaux, Henderson, C. & H., Domestic Sugar Bureau. Following long telegraphic discussion regarding expense bills in Texas Institute has received the following from the Texas refiners, as to which your comments are requested Quote We believe return expense bill plan will involve endless accounting troubles, confusion, and dissatisfaction with Trade and cannot be made absolutely effective without extraordinary policing arrangements by refiners, and *we further believe that the best workable and effective plan will be to readjust and level out prepay basis at all Texas points, which plan will positively not permit of any defeat of prepays through transit or diversion Stop. We are now actively working to complete details this plan in time to submit same to Institute* and interested refiners for consideration prior meeting Southern Committee, New Orleans, November fifth. Meantime presume action on plan stated your telegram fourteenth may be deferred Unquote.

THE SUGAR INSTITUTE.

(Institute files.)

4273 *Government Exhibit 470–C*

[Letterhead of the American Sugar Refining Company]

OCTOBER 19, 1929.

SIDNEY BALLOU, ESQ.,
The Sugar Institute, Inc., New York City.

DEAR JUDGE BALLOU: In view of the telegram you received from the Texas Refiners Thursday, in reference to the transit situation, I wish to advise you that this Company immediately discontinued the present invoice practice which we are now following as to sales in Texas. We will return to our usual plan of adding to our invoice price for sugar our ruling freight basis to destination.

I see no reason for making a public announcement of this change, as we are anxious to eliminate the transiting in Texas. *We will continue to do everything in our power to prevent this unlawful diversion until we have an opportunity to consider the new plan which, I understand, the Texas refiners will propose.*

Very truly yours,

J. F. ABBOTT.

(Institute files.)

4274 *Government Exhibit 471*

[Telegram]

TEXAS CITY, TEX., *May 13, 1929—7:51 p. m.*

JUDGE SIDNEY BALLOU,
Care The Sugar Institute,
129 Front St., New York, N. Y.:

Is any effort being made to discourage or discontinue the present and past practice of transiting sugar through Texas to defeat the regular prepay basis, and what are the prospects or hopes of the success of such efforts?

H. B. MOORE.

(Institute files.)

4275 *Government Exhibit 471-A*

[Telegram]

MAY 14, 1929.

COL. H. B. MOORE,
Texas Sugar Refining Co.,
Texas City, Texas.:

If you will specify brands being transited to defeat regular prepay together with transit and destination points affected, we will take matter up with members concerned.

THE SUGAR INSTITUTE.

(Institute files.)

4276 *Government Exhibit 471-B*

[Telegram]

TEXAS CITY, TEX., *May 14, 1929—10:50 a. m.*

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

Retel transhipment sorry we cannot undertake to police or prosecute those indulging in this practice.

TEXAS SUGAR REFG. CORP.

(Institute files.)

4277 *Government Exhibit 471-C*

[Telegram]

MAY 14, 1929.

TEXAS SUGAR REFINING COMPANY,
Texas City, Texas.:

Retel transhipment Institute prepared to do all necessary investigation, policing, and prosecution if given definite information on which to act.

THE SUGAR INSTITUTE, INC.

SB/EEV.
(Institute files.)

4278 *Government Exhibit 472*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 23rd, 1929.

HENDERSON SUGAR REFINERY,
749 So. Peters Street, New Orleans, La.

GENTLEMEN: We have a letter from one of our members, from which we quote the following:

"It is reported that certain refiners shipping from New Orleans are not selling at the delivered prices in Chicago, Milwaukee, etc., but are still quoting f. o. b. New Orleans, shipment via barge, with no price guaranty. You will recall that we stopped the practice here. Will you please advise me promptly whether it is ethical for refiners shipping from New Orleans to continue this practice?"

We have already advised the complainant that such shipments from New Orleans to points where delivered prices are in effect would be unethical under the code rulings of the Institute.

We assume that the report is in error, but would appreciate your prompt reply to the question.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Henderson files.)

4279 *Government Exhibit 473*

NOVEMBER 19, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: During the course of a personal chat with Mr. Douglass, of the Domestic Sugar Bureau, last Friday afternoon I was very pleased to note that he agrees with me regarding freight-rate applications in the Middle West.

It is his thought that it will be necessary in the near future to meet the New Orleans barge rates in this territory in order to maintain equal competitive conditions without forcing price cutting. He does not doubt that the freight absorptions involved will be considered as "cost of doing business" and will *automatically result in readjustments of operating margins.*

To my mind, the only way to avoid this action is to develop a "*delivered price*" *system* of selling, based on Mr. Cody's *freight zoning plan* which we know to be in successful operation in the alcohol, coffee, and soap industries.

Yours very truly,

LOUIS V. PLACÉ, JR.,
Vice President.

(McCahan files.)

4280 *Government Exhibit 474*

MARCH 5, 1929.

DEAR MR. MOOG: I thank you for your very complete letter of the 28th of February regarding the old subject of the switching of contracts from one territory to another.

I think I can now see clearly where our differences of opinion occur on this subject. You refer to the relations between the customer and the railroad and between the refiner and the railroad, whereas I refer solely to the relations existing directly between the customer and the refiner.

When you speak of the *prevention* of diversions on any particular set of shipments, I agree with you that such diversions cannot be definitely *prevented* (before the act). They may be *hampered* in actual operation by requiring return of a paid railroad-expense bill, etc., but they cannot be definitely *prevented*. However, I believe that safeguards can be thrown up so that such diversions, if made, can be instantly *detected* (after the act) by the refiner. From this point on it becomes a matter (as you express it) of contractual obligation between the customer and the refiner.

It is my opinion that this contractual obligation can be enforced. *We* (*McCahan*) have in the past and we expect in the future to legally enforce contractual obligations with our customers, even if the amount involved in any one particular case would not warrant the starting of a lawsuit. If this determination did not exist on our part I am sure that our customers would indeed ride rough-shod over us.

Of course, under present conditions, we would not attempt to legally enforce a contractual obligation on the part of a customer to take delivery of a particular contract in a certain territory. However, *if the Institute were to bind all refiners to this procedure*, we would be perfectly willing to exhaust all legal remedies to maintain such a territorial restriction.

In my opinion, an enforcible contractual obligation to restrict delivery territory can be set up. As suggested in my letter of the 25th, the refiner can demand this obligation on the part of the customer in consideration for the granting of the guarantee.

4281 The subsequent exercise of the "calling privilege" and the waiving of any *further* guarantee does not destroy the original consideration of the guarantee granted until the call privilege was exercised and does not excuse the customer from his obligation to restrict the territory in which he takes delivery.

The same line of reasoning applies to any contract involving any special consideration granted in return for a territorial restriction.

Where the determination exists to enforce contracts on the part of all concerned, it does not take many *threats of lawsuits* or of "*blacklistings*" to convince customers of the wisdom of voluntarily adhering to the rules of the game. This has been demonstrated on

numerous occasions both before and after the formation of the Institute.

Of course, I am heartily in sympathy with your thought of *quoting delivered prices*. It is my opinion that such a practice can and must eventually be arrived at by refiners. However, before striving for this perfection, we must first convince ourselves that switching and diversions can be prevented in practice. Once this point is gained, our arrival at a delivered price quotation is assured.

Yours sincerely,

LOUIS V. PLACÉ, JR.

Mr. JACOB MOOG,
Godchaux Sugars, Inc., New Orleans, La.

Copy to the Hon. Sidney Ballou.

4282 *Government Exhibit 475*

[Letterhead of The Sugar Institute, Inc.]

NEW YORK, *April 4, 1928.*

Shipments by differential routes to Chicago and Twin Cities territories

The following exchange of telegrams is circulated for the information of Members of the Sugar Institute:

MARCH 28, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N,
215 Market Street, San Francisco, Calif.:

I am making an effort to maintain application of code principles to Chicago during open season. To do this I must have total of shipments made by barge to Chicago territory at customers request. Kindly furnish me with this information from March first to date and weekly hereafter. This of course refers only to business from New Orleans Stop. *Ask your kind cooperation in not breaking down present freight application at Chicago without notice to the Institute explaining apparent necessity therefor Stop. Institute will then endeavor to give you statistical details of situation.*

THE SUGAR INSTITUTE, INC.

MAR. 31, 1928—1:15 a. m.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Replying wire twenty-eighth, our barge shipments to Chicago territory five hundred sixty thousand pounds March first to twenty-fourth Stop. Will send information weekly thereafter Stop. Our information beginning March fifteenth transportation companies accepting shipments to be carried to Buffalo and held there free of storage until lake-rail routes open and that considerable sugar apply-

ing against recent and current contracts has been ordered for such shipment to Chicago and Twin Cities Stop. When shipments reach destination transportation companies give additional thirty
4283 days' free storage Stop. This competition plus volume that can move when lake-rail routes are open because of favorable rates and transit time present serious obstacle our ability retain distribution those markets on all-rail rate Stop. Will appreciate statistical details when available.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORP'N.

MAR. 31, 1928—2:12 P. M.

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

Notwithstanding presume application all-rail rates throughout Twin Cities territory. Understand Eastern refiners now offering take thirty-day contracts with option shipment lake and rail shipments to commence about April fifteenth. Further understand they have made shipment over this route for certain buyers now having outstanding contracts Stop. This extremely important territory for us and with advance in market impending we must be in position protect our own interests Stop. Please let us have by wire what information now in your possession.

WESTERN SUGAR REFINERY.

APRIL 2, 1928.

CALIFORNIA & HAWAIIAN SUGAR REF'G. CORP'N.,
WESTERN SUGAR REFINERY:

The Institute is today circulating blanks for weekly reports of all shipments over differential routes, First on refiners own account, Second at Customers request Stop. *Shipments on refiners account will be sold on rail application until notice to contrary from some refiner to Institute which will be promptly repeated to all* Stop. Meanwhile complete statistical totals will be furnished you weekly from which you can judge when total customers shipments has assumed such proportions as to make it necessary for you to quote lake and rail application. This will be in order any time you find it necessary to protect your interest but kindly give careful consideration to statistics of shipments which will be sent you by wire and *notify Institute before taking action* Stop. Eastern refiners are quoting terms of payment fourteen days after shipment for all-water routes and ten days after shipment for all other differential routes.

THE SUGAR INSTITUTE.

4284 APR. 3, 1928, 4:33 p. m.

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

Answering trade in Twin Cities territory have been in habit of taking lake-rail deliveries during summer months for many years

and our assumption is with Eastern refiners offering shipments over that route at those rates Trade will again avail themselves of purchases via that route for a large percentage of their requirements Stop. We are not contending for business in territory tributary to Southern refiners and consequently are dependent in large measure for distribution in so-called "Northern states" including Twin Cities-Chicago territory Stop. With this in mind do not feel that we can afford await result statistical reports and in meantime refuse take business on impending advance with assurance to buyers that after arrival of lake boats at Duluth we will apply lake-and-rail rates Stop. Have therefore authorized our brokers for time being to accept business on thirty-day contracts assuring buyers that we will apply lake-and-rail rates on undrawn portion of these contracts after arrival Duluth first lake boat Stop. This assures us our legitimate proportion of this business pending study your wire statistical reports.

WESTERN SUGAR REFINERY.

APRIL 3, 1928.

To All Members of The Sugar Institute:

Western reports to Sugar Institute that it has authorized its brokers to accept business in Twin Cities territory on thirty-day contract assuring buyers that it will apply lake-and-rail rates on undrawn portion of these contracts after arrival Duluth first lake boat.

THE SUGAR INSTITUTE.
APRIL 4, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N.
WESTERN SUGAR REFINERY:

Present differential route situation as follows: Check of New York and Philadelphia refiners shows in transit at Buffalo destination uncertain eleven thousand two hundred bags. At lake ports for Chicago four thousand eight hundred bags. On order and in transit to Chicago ten thousand bags. On order and in transit to Twin Cities territory none whatever except as may be possibly ordered from Buffalo destination uncertain stock above Stop. To complete picture at territories in which you do comparatively little business at lake ports for Milwaukee and Wisconsin territory
4285 eleven thousand four hundred bags at lake ports for Michigan three thousand six hundred bags. Grand total ordered or in transit from New York and Philadelphia to all lake territories for shipment by differential routes at customers request less than seventy cars.

THE SUGAR INSTITUTE.

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., May 19, 1928.

MY DEAR JUDGE BALLOU: Our letter of April eighteenth to you, explaining in detail our position with reference to meeting the differential rate, was distributed to all the members of the Institute.

On April 26th you called a special meeting of the Refiners to discuss our notification of intention to meet the differential rate, and invited C. & H. and Hershey to attend. At that meeting all objections to our meeting the barge rate in the State of Alabama were withdrawn or waived, and it was furthermore the general understanding that we were entitled to have additional relief within thirty days from that date. Since that time the Western Refinery, the Beet Sugar refiners, and C. & H. have broken down the rate structure by meeting the Lake and Rail rate in Illinois, Wisconsin, and Minnesota.

At the regular meeting of the Sugar Institute on May 10th this general question of differential rates was brought up again and discussed very fully. It was understood by all that we were reserving complete liberty of action with reference to meeting the Barge rate in any territory and at any time. In view of the fact that a committee had been appointed to talk to Mr. Rolph and the Beet Sugar refiners, and had arranged for a meeting with them in Chicago on Monday, May 14th, or Tuesday, May 15th, we were asked to defer action until after that meeting, as it was thought that the committee would thus be in a stronger position to approach Mr. Rolph and the Beet refiners with reference to a discontinuance of the price guaranty. We acceded to that request.

Mr. Hoodless wired us from Chicago on the 15th asking us to defer action until after the next Executive Committee meeting, which is on Tuesday, May 22nd. We acceded to that request also, on condition that meanwhile the market did not show too much strength.

The record shows that we have been, as we think, quite patient under very trying circumstances. Prior to the formation of the Sugar Institute we had inaugurated, in the interest of harmony, a temporary try-out of discontinuing meeting the barge rate. We were willing to try and see how it worked. We never at any time adopted that as a permanent policy. We have tried it long enough to know that it does not work satisfactorily. We believe that all Eastern refiners will have to meet the Lake and Rail rate and Barge rate in their territories and that it is only a question of a comparatively short time before this will be done.

We have fully and patiently considered every plan that occurred to us, and every plan that was suggested to us by others, for working out this problem in some other way than that contained in our letter of April 18th, but have unable to find any other solution hat would work out satisfactorily.

4287 *At the meeting of the Executive Committee on Tuesday, May 22nd, we ask that you make it known that on and after Wednesday, May 23rd, and earlier if in the meanwhile the market should show too much strength, we shall consider ourselves free to exercise complete liberty of action with reference to meeting the Barge rate* or a differential rate on direct shipments in all territories, and we trust that the members of the committee, and the Refiners generally, will recognize the equity of this position.

Yours very truly,

W. S. PARDONNER,
President.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

(Institute files.)

4288 *Government Exhibit 476–A*

[Copy of telegrams]

MAY 21, 1928.

WM. S. PARDONNER,
Savannah Sugar Refining Corp'n.,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.:

Letter received. I had hoped that you might see your way clear to defer action until the result of our request to C. & H. to withdraw guarantee in Chicago territory was determined, but we recognize that no limitation can or should be placed on your right to free competition and if you determine that your interests demand contemplated action, I am sure that all members will recognize that such action was taken only after full discussion and deliveration. So far as territory to be affected is concerned, I would still point out that if you stop short of Ohio river points, there is a bare possibility that others will not extend the locality affected, while if you extend to Ohio river I see no possibility of present rate structure being maintained in entire Mississippi and Missouri valleys. You have doubtless noted that in meeting lake and rail basis all sellers are still maintaining rail application on all deliveries from consignment warehouses. *Your letter will be laid before Executive Committee as requested.*

THE SUGAR INSTITUTE.

MAY 22, 1928.

WM. S. PARDONNER,
Savannah, Ga.:

Your letter read at Executive Committee meeting. In case you make any change in present freight application or terms of payment, please notify the Institute, specifying particularly the territory affected, your terms of payment, and whether change applies to deliveries from consignment in carload or in less-than-carload lots.

Pike states Indianapolis reports based upon damaged sugar transaction, but will have full details tomorrow. Hershey's price six cents in Southern territory and five ninety-five in Northern territory where he comes into competition with Arbuckle and Federal.

THE SUGAR INSTITUTE.

(Institute files.)

4289 *Government Exhibit 476–B*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., June 26, 1928.

MY DEAR JUDGE BALLOU: While it is true that our notice to you of May 23rd stated, in part, that we had gone to the barge rate in Indiana, south of Terre Haute, Cincinnati, only in Ohio—this for new business, direct shipment only—at the meeting of the Board of Directors of May 10th, while the minutes do not so specify, I am quite sure that I stated that we wanted, in addition to Alabama, the states of Kentucky, Tennessee, Ohio, and Indiana, but that in Ohio our business had been confined practically to Cincinnati, and in Indiana latterly we had done nothing south of Terre Haute. At the same time we feel that we are entitled to make these absorptions when and if we desire.

Prior to a few days ago our only basis of comparing the business we have been doing this year as against the business done by other Refiners has been on the basis of *percentages of melt.* We have averaged about 3.5% of the melt of the country, which is about our average for the last three years. On Monday, June 25th, we received a letter from the Institute, which showed that the total invoicing of the 15 U. S. Refiners and one importer (which we assume to be Hershey) from January 1 to June 1, 1928, was 1.29% under the corresponding period of 1927. Our invoicing for this period, however, shows a decrease of 16.8%, as compared with 1927, and 33%, as compared with 1926. From this it can readily be seen that *we are not getting our proportion of the business*, and we will have to expand our territory.

Not getting our proportion of the business is, in part, due to *Hershey invading our territory* on the East, and our trying to avoid meeting the barge absorption until May 23, 1928. In going into *Indianapolis* and *Fort Wayne* we have merely reappointed our former broker, whom we lost when we stopped meeting the barge rate.

We are not attempting to grab any undue amount of business but merely trying to keep our rightful proportion. We have not taken any business from this section until today. We would have advised you earlier in regard to this, but the Savannah Manager of Lamborn & Company, Inc., and our Assistant Sales Manager, B. A. Oxnard, Jr., have been on a tour of the Southern and Central states, and we were hopeful that they would get back here before there would be any change in price, so that we could give you the full details. As yet we do not know the full details, as these two representatives will not be back here until Saturday morning.

We have as yet not met any price guarantee anywhere. We have today authorized the New Orleans barge rate at Marion and Herrin, Ill., on direct shipments only, but not meeting any price guarantee. I will write you the first of the week, upon the return of Messrs. Bond and Oxnard, giving you further details, if any exist. It is impossible for us to do business at Indianapolis, as against New Orleans, unless we absorb the barge rate.

It is our idea to apply the rail rate on withdrawals of less-than-carload lots from consignments at Indianapolis, the same as at other points.

We were advised that the National was today making a price
4290 of 5.75 on bulk bags, balance of list on 5.80 basis, but *I communicated with the National* on the subject, and *they claim this is absolutely untrue.*

We do not seem to get any line on what Hershey is doing, but they certainly were doing something at Indianapolis, as cited in our telegram of May 23rd.

Yours very truly,

W. S. PARDONNER, *President.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

(Institute files.)

4291 *Government Exhibit 476–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 28, 1928.

Mr. WM. S. PARDONNER,
Savannah Sugar Refining Corp'n, Savannah, Ga.

MY DEAR MR. PARDONNER: I have your letter of June 26 concerning your application of the barge rate in Indianapolis, Fort Wayne, Marion, and Herrin, and am notifying the members of the Institute in the usual manner.

There is no doubt that you are entitled to make these absorptions when and if you desire. At the same time it is the cardinal principle of the Sugar Institute that sugar shall be sold only upon open prices and terms publicly announced. Such an announcement was made by you at the time you drew the line through Indiana at Terre Haute and south.

I regret exceedingly that you saw fit to take business during the last move on the barge application north of this line without any corresponding announcement and left the matter to be found out by the Institute upon *complaints* of your competitors that you were taking business on these terms in territory not covered by any public announcement.

Very truly yours,

SIDNEY BALLOU, *Executive Secretary.*

(Savannah files.)

4292 *Government Exhibit 476–D*

MAY 28, 1928.

Mr. W. S. PARDONNER,
Savannah Sugar Refining Corp., Savannah, Ga.

DEAR MR. PARDONNER: At the request of Mr. Placé we enclose copy of his letter of today addressed to Judge Ballou regarding comparative figures of shipments into western territory over New Orleans barge and eastern differential routes.

Yours very truly,

WM. O. STANTON.

(McCahan files.)

4293 *Government Exhibit 476–E*

MAY 28, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: I have studied with a great deal of interest the "Table Showing Barge and Differential Movement of Sugar, From March 2, 1928, to May 12, 1928", copies of which were distributed at the meeting on Friday.

This statement shows that the "all rail" freight rate application was broken down to the Philadelphia "rail and lake" freight application based on shipments during the above period over *all* Eastern differential routes (most of which are not available to Philadelphia refiners) of 79,000 bags into Illinois, 98,000 bags into Indiana, and 125,000 bags into Wisconsin. The actual shipments over the Philadelphia "rail and lake" route are only a part of the above figures. We therefore have the ridiculous situation of a very small percentage of the total shipments into the above States quickly causing other refiners to meet our only differential rate and causing us to absorb freight on our "all rail" shipments against ourselves based on our own "rail and lake" route.

This action of other refiners recognizes, as in the past, that Philadelphia should occupy a dominant position in this western territory. Nevertheless, Philadelphia shipments are infinitesimal, due to our competition being met while we are refused the privilege of meeting other competition.

If other refiners have used our small shipments to break down the application to our differential rate, how can it be argued that it is unjust for us to do the same to meet the New Orleans barge rate, when these barge shipments, during the above period, into Illinois are 398,000 bags (almost 5 times the shipments over all Eastern

differential routes), into Indiana 176,000 bags (over 2 times all
4294 Eastern differential shipments), and into Wisconsin 177,000 bags (over 50% greater than all Eastern differential shipments).

The above figures should be considered in addition to the points mentioned in my letter to you of the 28th and the points mentioned in the memorandum read to the last meeting of the Board of the Institute.

Yours very truly,

LOUIS V. PLACÉ, JR.

(McCahan files.)

4295 *Government Exhibit 476–F*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., May 31, 1928.

MY DEAR MR. PLACÉ: I am in receipt of a letter under date of May 28th from your Mr. Stanton, enclosing copy of a letter which, apparently, you sent to Judge Ballou on May 28th.

Boiled down, you state that the New York Refiners are meeting the Philadelphia rail and lake rate into Illinois, Indiana, and Wisconsin, although, as a matter of fact, only a small portion of the sugar going into this territory from Philadelphia moves by this rate. This forces you to absorb against yourself on all rail shipments.

On the other hand, the barge shipments into these three States from New Orleans are larger than the differential shipments from Eastern points.

You argue that if the other Refiners have used McCahan's small shipments over the rail and lake route as an excuse to meet the Philadelphia rail and lake rate, how can it be argued that it is unjust for McCahan to meet the New Orleans barge rate, over which a really large quantity of sugar is moving?

It seems to me that your argument is correct, and that you have a perfect right to meet the New Orleans barge rate in the same manner as we are doing, viz, rail rate on L. C. L. deliveries from consignment, barge rate on carload shipments from consignments, and barge rate on carloads, even though shipped by rail. While we have a few L. C. L. rates in eastern Alabama and southern Tennessee, we make no barge absorptions except on carload shipments. We do, however, ship pool cars at the barge rate in the same manner as New Orleans ships pool cars via the barge rate. We have included Alabama in this category, although for a few days this was overlooked. As a matter of fact, up to date we have shipped only one pool car into Alabama and delivered only one carload from consignment at the barge rate, the latter in Indiana.

I hope to see you in New York on June 14th. I will leave here on June 12th, and will probably be accompanied by Mr. Thomas Oxnard,

who takes the position of Sales Manager for us. Notices of this will be sent out as soon as we can get them.

With personal regards, I am,

Yours very truly,

W. S. PARDONNER, *President.*

LOUIS V. PLACÉ, Esq.,
W. J. McCahan Sugar Refining & Molasses Co.,
101 South Front Street, Philadelphia, Pa.

(McCahan files.)

4296 *Government Exhibit 477*

Traffic meeting of June 17th, 1930

The traffic representatives of various refiners met in the Board Room of the Sugar Institute at 3 P. M.

Present: Messrs. Ripley and White, of American; Roach and Kirschbaum, of Spreckels; Mr. Raymond, of National; Mr. Carling, of Arbuckle; Mr. Harahan, of Colonial; Mr. Thompson, of Imperial; Mr. Angus, of Pennsylvania; Mr. Perry, of Pike (Hershey); Messrs. Patterson and Stillman, of Sugar Institute.

Switching Charges.—Mr. Patterson read the following extract from the minutes of the Executive Committee Meeting of June 5, 1930: "The question of *paying switching charges* on carload *deliveries from consignment delivered* to buyer's spur was discussed. The original inquiry concerned Indianapolis only, but it was pointed out that there are any number of other cities which have the same status as Indianapolis and that some definite method of procedure should be adopted.

"It was decided that the Institute should call a special meeting of representatives of the local refiners and *Colonial*, to discuss the payment of switching charges, *before* the next Directors' Meeting."

Mr. Patterson then read the following wire received from Godchaux Sugars, Inc.:

"Reference inquiry Indianapolis, we have no recent record of absorption switching charges. However, if buyer takes delivery, for rail carriers movement, carload sugar from our spot stocks, we would absorb switching charge Indianapolis or any other city which I have always understood has been rule everywhere."

The question of absorption of switching charges on sugar delivered from consigned stocks was then gone into fully. It was the *consensus* of opinion that *switching charges should not be absorbed* in making such deliveries and that this policy had been generally practiced in the past.

4297 The former conclusion was arrived at for the following reasons:

1. That all consignment stocks are carried at the expense of the refiner.

2. That deliveries from consignments are of material advantage to the buyer, eliminating all risk of market changes.

3. That the absorption of switching charges on deliveries from consignment stocks would discourage direct carload shipments from the refineries.

4. That the cost of delivery of less than carload lots from consignment stocks is always at the expense of the buyer.

At Chicago, Ill., and Milwaukee, Wis., certain carriers absorb switching from warehouses to buyers' sidings, and, in order to put all refiners on a strictly competitive basis, switching must be absorbed by the competing refiner.

At Savannah, Ga., West Palm Beach and Miami, Florida, and Houston, Texas, switching charges from warehouses carrying consignment stocks to customers' sidings will have to be absorbed as in the past, in order to equalize direct rail deliveries by competitors located adjacent to those markets.

It is recommended that the present practice of absorbing switching on deliveries from consignment stocks at Detroit be discontinued.

Car Tracer Forms.—Mr. Patterson briefly discussed various car tracer forms as now used by members of the Institute. It was pointed out that in certain forms omissions had been made which nullified the advantages which the car-tracer forms had been intended to cover.

A Committee, consisting of Mr. Carling, of Arbuckle, Chairman, and Mr. Raymond, of National, was appointed to thoroughly analyze the car-tracer forms now in use and to prepare a car-tracer form now in use and to prepare a car-tracer form, uniform as to subject matter, which would meet all requirements.

Adjournment.

4298 *Government Exhibit 477–A*

Minutes of Special Meeting of Traffic Managers

FEBRUARY 25, 1930.

A committee of Traffic Managers of the New York and Philadelphia refiners met in the Board Room of the Sugar Institute at 2 P. M.

Present: Mr. Ripley, of American; Mr. Harahan, of Colonial; Mr. Raymond, of National; Mr. Angus, of Pennsylvania; Mr. Kirschbaum, of Spreckels; Mr. Patterson, of the Sugar Institute.

Charters for Water Shipments.—The Acting Secretary reported that the Executive Committee had requested that a Committee, consisting of the traffic men of the interested refiners, review the whole question of charters for all-water movements and render a report at an early date. During the discussion, it was pointed out that the canal and lake carriers were not generally under the jurisdiction of the Interstate Commerce Commission. Further, the water carriers have not publicly announced their rates and terms.

It was the consensus of opinion that the water carriers should file tariffs or execute Charter Parties with refiners on each all-water movement that is not covered by a tariff filed with the Interstate Commerce Commission. Such tariffs or Charter Parties should specifically set forth the freight rate, all loading and unloading allowances, and should state further whether marine insurance is
4299 included in the rate or not, and provide that a joint check of the cargo at destination shall determine all claims for loss or damage; further, that the tariffs or Charter Parties should set forth specifically whether any absorptions are to be made for the loading of either railroad cars or trucks at destination, and whether any switching or trucking charges are to be absorbed by the boat line at destination.

It was suggested that the carriers be requested to notify immediately in writing, interested refiners of any change in the rates or terms of the tariffs or Charter Parties.

Adjournment.—There being no further business, the meeting adjourned until Tuesday, March 4th, at 2 P. M., when the Committee will submit its proposal to representatives of the water carriers.

Acting Secretary.

4300 *Government Exhibit 478*

JULY 29, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: Referring to your letter of July 25th and your request to the Traffic Committee to suggest methods of carrying out the recommendations and resolutions adopted by the Directors, we respectfully submit—

(1) As to Sales Contract Clause, no action by this Committee is necessary.

(2) Storage in Transit Charges: The Committee respectfully suggests that, in order to carry out the resolution of the Board of Directors, relating to unexpired storage time at consignment or transit points, the following letter be addressed by each refiner to all warehouses carrying their stocks:

"The granting to buyers of sugar held at consignment and transit points of the use of unexpired storage time paid for by us, *tends to create discriminations between customers.*

"The granting of such privilege is in the nature of a *special allowance which by its nature cannot be made available to our trade as a whole.* We accordingly instruct you hereafter to *cancel the free storage privilege* in respect of any of our sugars stored with you *three days after the receipt of an order from us or from our brokers authorizing you to make delivery or transfer of such sugars,* such

three days to be exclusive of the day of the receipt by you of such order."

(3) Tracing cars from consignment points needs no comment.

Very truly yours,

J. L. CARLING,
P. M. RIPLEY,
V. K. RAYMOND,
Traffic Committee.

4301 *Government Exhibit 479*

JULY 9, 1930.

THE EXECUTIVE COMMITTEE OF THE SUGAR INSTITUTE.

GENTLEMEN: Pursuant to instructions of the Directors' Meeting of June 19th, the Traffic Committee again met on July 8th to further consider their recommendations as to Switching Charges.

After discussion, the Traffic Committee again submits its previous recommendation, which reads as follows:

RESOLVED, that the practice of absorbing switching charges on deliveries from consigned stocks to buyer's spur be discontinued, with the following exceptions:

EXCEPTION:—Chicago and Milwaukee, where certain carriers absorb switching from warehouse to buyer's siding and where absorption of switching charges is being practiced by competing refiners to establish an equal competitive basis.

EXCEPTION.—Savannah, West Palm Beach, Miami, and Houston, where switching charges from warehouses carrying consignment stocks to customers' sidings has been and is being absorbed in order to equalize direct rail deliveries by competitors serving these markets.

The Committee especially recommends that the practice be discontinued at Detroit.

The Committee also considered means of stopping improper *transiting* of sugar to *defeat selling bases* and have to report as follows:
ing of sugar to *defeat selling bases* and have to report as follows:

For about nine months the *Traffic Departments of all refiners* in the country *have been pressing the carriers to revise their storage-in-transit rules* so as to leave no doubt as to their application, and to tighten them up so as to prevent handlings that in the past have tended to break down our selling bases. The revision of these rules naturally requires a very considerable amount of time due to their having to be considered by all the carriers of the country and therefore we cannot advise at this time just when the rules will be changed.

4302 In order to protect the situation in the meantime the Committee recommends specifically as to Indianapolis—

THAT all refiners notify the warehouses in which they now carry stock:

(1) That all transit balances now outstanding be registered in the name of the refiner who shipped the sugar;

(2) That all shipments of sugar from Indianapolis on transit billing should be in the name of the refiner whose sugar is being forwarded, and

(3) That transit billing must not be surrendered to customers on any sugars delivered locally, transit billing on such deliveries to be cancelled in accordance with railroad tariffs.

It is further recommended that each refiner notify the Central Inspection and Weighing Bureau of these instructions to the Warehouses and that the Bureau be requested to police the transactions accordingly.

4306 *Government Exhibit 479–B*

Authority from Buyer to Carrier to Furnish Transit Data to Shipper

To All Carriers Concerned:

Carload of sugar shipped by ---------- from from ---------- (Date) ---------- (to be filled in by shipper when known), consigned to ---------- (destination) ---------- (weight) ---------- (car number) ---------- (to be filled in by shipper when known), (routing) ---------- (to be filled in by shipper when known).

This sugar is covered by a contract between ---------- and (me) (ourselves) dated ----------.

In accordance with the terms of the contract under which the sugar contained in the above car was purchased, I (we) do hereby instruct any carrier to furnish (upon request) ---------- on their agents the following information:

If shipment is transited under Carriers' storage or stopping in transit privilege:

(1) Date tonnage (freight bill) was registered;

(2) The following information on any sugar shipment or shipments made under the transit billing or tonnage accruing from this shipment:

(a) Date of shipment and new destination;

(b) Contents of car;

(c) Date and hour of arrival and delivery at new destination. If car out of transit point is diverted, destination to which diverted, and date and hour of arrival and delivery;

(d) If tonnage not used, date and weight cancelled;

(3) Information as to whether tonnage or tonnage credit is still in force, and weight thereof.

(Signed) ----------

4307 *Government Exhibit 481*

[Letterhead of T. S. Southgate & Co.]

NORFOLK, VA., U. S. A., *January 15, 1930.*

Mr. C. D. BRUYN,
National Sugar Refining Co., of N. J.,
129 Front Street, New York, N. Y.

DEAR MR. BRUYN: Referring to your request through Mr. Castle today for a comparative statement of our income 1929, versus estimated income for 1930, based upon the Institute's 0.0575 rate.

Your records will confirm the fact that we received the following amounts in 1929:

Brokerage 660,559 bags at 0.045 per bag	$29,725.18
Handling 660,559 bags at 0.05 per bag	33,027.95
	$62,753.13

or an average of 0.095 per bag.

If the Institute's rate of 0.0575 governs, our income for 1930, assuming that we will be able to do the same volume of business, will be approximately as follows:

Brokerage 660,559 bags at 0.0575 per bag	$37,982.14
Shrinkage 1930 versus 1929	$24,770.99

Such a change would be annihilating so far as our present organization and business are concerned. There would actually be a deficit of about $6,900.00 for our year's work.

In other words, our income would fail by $6,900 to take care of actual operating expenses, without a dollar of profit.

Our proposal to you is that the following rates be paid in the future:

4308

Brokerage, 660,559 Bags, at 0.0575 per bag	$37,982.14
Sub-Brokerage, 352,298 Bags, at 0.0375 per bag	13,211.18
	51,193.32

or an average of 0.0775 per bag.

As explained in our recent conference, it is impossible to control so large a volume of business as is handled through our office except by employing subbrokers. The geographical layout of the territory is responsible for this. With the exception of the Pender Grocery Co., we have to deal with a multitude of small buyers. The business is widely scattered and the unit of trading extremely small.

If it is necessary to pay subbrokerage direct to subbrokers to conform to the Institute's ruling, this can be worked out satisfactorily. We want to say, however, that our sales organization is now as well balanced as it is possible to make it, and it is important that nothing be done that will upset it. We would, therefore, want all subbrokers to deal through our office as heretofore rather than direct with you. Only in this matter can the best results be obtained.

We have analyzed the Sugars stored at Norfolk and the direct shipments, and find that *27% of last year's volume was subject to storage expense.* We have had some discussions with H. B. Rogers, Inc., with a view of securing a reduction of storage rate to 0.06, and are hopeful that this can be accomplished, in which event the gross amount you would pay in the future for sales work and storage would be 0.0921, as compared with the old rate of 0.095.

The net result of this would be as follows:

Old arrangement, 660,559 Bags, at 0.095	$62,753.13	$62,753.13
New arrangement:		
Brokerage, 660,559 Bags, at 0.0575	37,982.14	
Sub-Brokerage, 352,298 Bags, at 0.0375	13,211.18	
Storage, 27%, or 178,351 Bags, at 0.06	10,701.06	
		61,894.38
Net saving to National		858.75

You will, of course, not fail to also take into consideration the saving which you enjoy by barging Sugars to Norfolk. When this is considered, the net brokerage and storage is less than 0.0921.

4309 We figure the saving to be about 0.05 per bag, and on 178,351 Bags this would bring the average cost under the new rate *down to 0.0803 per bag.*

Regarding subbrokerage, we pay from 0.03½ to 0.04½ per bag, or an average of 0.0375.

We have given much thought to this matter and are positive it is not in the interest of the National Sugar Refining Co. to do anything that will weaken our organization. It certainly cannot be said that 0.0921 is an excessive amount to pay for the extensive outside service performed by a broker, comprising sales, collections, development of goodwill, etc. (Storage included in rate named.) This is but 1.7 percent ad valorem, and it is lower than brokers are generally receiving for their services on other commodities.

It is not difficult to visualize what might happen as the result of such a radical change. We think it is not extravagant to predict—

1st. Cutting off $24,000 of our income would mean a reduction of our organization by fifty percent. It would also mean reducing the number of our subbrokers by one-half, a general pulling-in all around.

2nd. With a weakened inside and outside organization, with our subbrokers reduced, and the interest of those retained largely killed, we could not hope to maintain the 1929 volume of 660,559 bags. We would be fortunate if we sold 350,000 bags.

3rd. Such a destructive step would be conducive to letting the bars down to more serious inroads on your business in this territory on the part of Cuban Refiners.

We earnestly beg you, therefore, not to allow these things to happen, not only because of what it means to us but also in the interest of the National Sugar Refining Co., who, we are convinced, will

suffer heavily if we are forced through less aggressive methods to give way to other Refiners.

Yours very truly,

T. S. SOUTHGATE & Co., INC.,
D. M. THORNTON.

4310 *Government Exhibit 481–A*

[Telegram]

JANUARY 17, 1930.

(Send to C. & H. & Western.)

Dissatisfaction has arisen with certain members regarding brokerage rates established December and matter is thought sufficiently important to justify Special Directors' Meeting which is called for January thirtieth. Letter follows.

THE SUGAR INSTITUTE.

(Institute files.)

4311 *Government Exhibit 481–B*

[Copy]

DECEMBER 12, 1929.

Confidential

To all members of the Sugar Institute:

Re: Brokerage Rates

GENTLEMEN: Announcements have been received from American, Arbuckle, and Spreckels on their respective policies of Brokerage Rates which are substantially as follows:

"Effective Monday, December 16th, we will pay brokerage in cents per hundred pounds on the actual net weight of sugar.

"A maximum brokerage of five and three-quarters cents (5¾¢) will be paid on each single sale regardless of the number of brokers involved in the transaction.

Exceptions

"1. Four and one-half cents (4½¢) per hundred pounds is the maximum brokerage we will pay to all brokers on business booked by them and shipped into and delivered to the following territory: Alabama, Tennessee, North Carolina, South Carolina, Georgia, Florida, Louisiana, Mississippi; also Indiana, in Evansville and points south thereof; also Kentucky in all points south of a line drawn through (but not including) Louisville, Lexington, and Pikeville.

"(a) Five and three-quarters cents (5¾¢) is the maximum brokerage we will pay to brokers located outside of the territory described in Paragraph #1, on all business booked by them, shipped and delivered to Kenny and A. & P. at points within this territory.

"(b) Five and three-quarters cents (5¾¢) is the maximum brokerage we will pay to brokers in Norfolk, Va., and Charleston, S. C., on all business booked by them and shipped and delivered to trade in present territory served by them."

4312 We are circularizing this for your confidential information.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice-Secretary.

(Institute files.)

4313 *Government Exhibit 481–C*

GORDON BAKING COMPANY,
Detroit, Michigan, June 28, 1928.

FEDERAL SUGAR REFINING CO.,
82 Wall Street, New York, New York.

GENTLEMEN: We have been thinking if it is possible to buy our sugar requirements direct from the Refinery instead of thru the broker thereby saving the amount of broker's commission.

Our yearly consumption for all of our plants is approximately 10,000 barrels consisting of 75% Standard Granulated and 25% Extra Fine Granulated.

If you are interested in this proposition we would be glad to hear from you.

Yours very truly,

GORDON BAKING COMPANY,

WFH:RG. *Office Manager.*

(Spreckles files.)

4314 *Government Exhibit 481–D*

JULY 3, 1928.

GORDON BAKING COMPANY,
Detroit, Mich.

GENTLEMEN: In reply to your favor of the 28th ultimo, we regret to advise that it will be impossible for us to allow brokerage to a buyer of sugar, due to the fact that this practice has been condemned in the code of ethics of the Sugar Institute, to which code we are pledged.

We thank you for your letter, and beg to remain,

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
JOHN KETCHAM,
Acting General Sales Manager.

(Spreckles files.)

4315 *Government Exhibit 482*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
New York, N. Y., Oct. 24, 1930.

J. HUNGERFORD SMITH SALES CO., INC.,
Rochester, N. Y.

GENTLEMEN: Referring to your letter of September 18 in regard to making shipments of sugar to you by the barge canal and adding the barge rate.

As we explained to Mr. Rogers in conversation with him the other day, this question of rate is a far-reaching one and cannot be considered only from the standpoint of Rochester. We have been giving the matter very careful consideration ever since Mr. Watkins took it up with us, and while we can see the matter from your viewpoint, yet the question is such a far-reaching one we cannot at this time see our way clear to change our quotations in your market. We cannot break down the rate to Rochester without making changes in all the territory west of that as far as Chicago, and it would mean demoralization which resulted before these prepaid prices were put in by us and resulted in great loss.

We regret it is not possible for us to at present do as you request, for our business relations with you have been pleasant over so many years that we dislike very much to have any differences with you.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.
JAMES H. POST, *President.*

(Handwritten notation): Mr. Kent has seen this letter.

4316 *Government Exhibit 482–A*

SEPT. 18, 1930.

NATIONAL SUGAR REFINING COMPANY,
129 Front St., New York City.

(Attention Mr. Chas. D. Bruyn.)

DEAR MR. BRUYN: We are addressing you again on the subject of Canal shipments.

Your representative, Mr. Watkins, returned from New York about two weeks ago after a conference with you, Mr. Post, and your associates, stating that he believed your Company would soon take favorable action on this matter of shipping us via Canal. He states that you, personally, and your associates agree with him and with ourselves that the stand taken by buyers in this market against the decision of the refiners to maintain a 28½¢ rate regardless of method of shipment is sound. Mr. Watkins has just phoned us, stating that he had just been speaking to you again on this matter, and that you reported that you hope to secure another conference within a few days with Mr. Post in order to get the matter settled.

As you know, we are not alone in our contention that the New York Refiners are acting in an unwarranted manner in refusing to make

Canal shipments. It is an established fact that one of the New York Refiners has shipped their own consignment sugar to Rochester via Canal and yet refuse us the right to ship our sugar via Canal. In other words, the New York Refiners claim for themselves the exclusive right to use the facilities provided by the people of the State of New York for the people of the State of New York. We have waited patiently all summer for the desired solution of this question. The solution lies in your hands. You can make it readily. It is because of the fact that the major part of our sugar requirements is purchased through you that we look to you to get this matter settled speedily.

We hope to receive favorable advices through Mr. Watkins within a very short time.

Yours very truly,

J. HUNGERFORD SMITH COMPANY,

Vice Pres. & Gen. Mgr.

WFM:K.

4317 *Government Exhibit 483*

WM. HENDERSON,
New Orleans, Oct. 16th, 1929.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.

(Attention Mr. Fred G. Taylor:)

DEAR SIRS: The Gulf Whse. of Tampa is particularly well located for our purposes. Your circular of the 14th says that Southern Consgt. Committee have taken it off the doubtful list and put it in the *list of those which cannot be used* by members of the Institute. Please immediately let us know on what basis this warehouse was disqualified.

Yours truly,

WM. HENDERSON.

4318 *Government Exhibit 483–A*

[Telegram]

OCTOBER 24, 1929.

CALIFORNIA AND HAWAIIAN SUGAR REFG. CORPN.,
215 Market Street, San Francisco, Calif.:

Referring your wire regarding Stevens Point Warehouse Company, feel there *must be some misunderstanding* of our letter of the fifteenth since *enforcement committee recommended that this warehouse be disqualified* Stop. The only reason directors did not act on this at last directors' meeting was because enforcement committee's recommendation was accidentally left off agenda; *would suggest postponing reconsigning to this warehouse at least until after next directors' meeting.*

THE SUGAR INSTITUTE.

(Institute files.)

4319 *Government Exhibit 483–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 26, 1929.

Mr. W. H. HOODLESS,
Pennsylvania Sugar Company,
1037 North Delaware Avenue, Philadelphia, Pa.

MY DEAR MR. HOODLESS: Referring to your letter of April 20th including the copy of a letter from K. D. Pierson regarding the status of the Gate City Warehouse Company in Winona, Minnesota, we call to your attention Section II, Paragraph I of the Institute Code Rulings No. 4, which we quote herewith:

"1. *Breach of Code by Competitors.*—No breach of ethics by a nonmember of the Institute, even if resulting in a competitive advantage, will justify an individual violation of the Code of Ethics by a member of the Institute. If conditions warrant, the Institute may take concerted action in the matter."

From this it is apparent that, although the beet-sugar companies are still using this warehouse, there is no justification for a member of the Institute violating the Code of Ethics. In this connection we call to your attention the fact that the only other member of the Institute using this warehouse, upon discovery of its status, has discontinued storing in it.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Pennsylvania files.)

4320 *Government Exhibit 483–C*

APRIL 30, 1929.

Hon. SIDNEY BALLOU,
Executive Secretary, Sugar Institute, Inc.,
New York City.

DEAR MR. BALLOU: Replying to your letter of April 26th in regard to the Gate City Warehouse Company, Winona, Minn., we have instructed our broker to discontinue the use of this warehouse.

Very truly yours,

PENNSYLVANIA SUGAR COMPANY,

Sales Manager.

HW:H.
(Pennsylvania files.)

4321 *Government Exhibit 483–D*

[Copy]

THE W. J. MCCAHAN SUGAR
REFINING & MOLASSES COMPANY,
September 10, 1929.

Mr. FRED G. TAYLOR,
Executive Vice Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: I am in receipt of your two letters of the 13th instant (files W–88 and W–92) regarding the Breese Grain Company, of Breese, Illinois, and the Greenville Elevator Company, of Greenville, Illinois.

In reply I beg leave to advise you that we have never sold sugar to these concerns and we have no present knowledge of any merchandising of sugar on their part.

Our position regarding these warehouses is exactly the same as toward the firm of Ware & Barnstable at Hillsboro, Illinois, regarding which I wrote you under date of August 26th, as follows:

"If collective action is taken and a notice is circulated, so that other refiners will not be able to start consignments to these warehouses after McCahan discontinues shipments, then we shall be very glad to abide by such action."

We do not wish to carry the onus of taking action against these warehouses. However, if other refiners do sell to these concerns, or if the party making the complaint against these warehouses has information to present to the Enforcement Committee which leads to the Committee condemning their use, we shall be glad to abide by such action.

Yours very truly,

(Sgd.) L. V. PLACÉ,
Vice President.

(Institute files.)

4322 *Government Exhibit 483–E*

[Telegram]

JAN. 21, 1930.

PENNSYLVANIA SUGAR COMPANY,
139 South Third Street, Philadelphia, Pa.:

Your letter January seventeenth Old Dominion Warehouse and Storage Company, Norfolk Stop. *It is recommended that no new warehouses in southern territory be added without submitting to Enforcement Committee* Stop. Taking matter up with them.

THE SUGAR INSTITUTE.

(Institute files.)

4323 *Government Exhibit 483–F*

[Letterhead of Western Sugar Refinery, 2 Pine Street]

SAN FRANCISCO, CALIF., *August 15, 1930.*

In reply refer to 190–K.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: Referring to your letter of July 31st, concerning seventy-two hour notices on warehouses with which we have not previously stored.

We observe that under Section VI, page 1, paragraph 3, this is very definitely set forth; however, it seems to us to be an economic waste to wire you of our intention to use a warehouse, and receive your wire almost immediately in reply, when by the simple expedient of referring to the so-called warehouse list and consignment points issued by the Institute, it is readily discernible that other members, sometimes three and four, of the Institute are using the particular warehouse we have in mind storing with. It would, therefore, seem to us that if the warehouse is suitable for one member, it surely should be suitable for another, and it would only be necessary for us to notify the Institute by, say, air mail, that we were adding this warehouse to our particular list, and your records could then be corrected accordingly.

The foregoing is predictated on the fact that there is no question as to the status of the warehouse by the Institute at the time, which, of course, would be indicated on the particular warehouse sheet or supplement.

Please understand that we are not attempting to change the rules of the Institute, nor to have you continue correspondence on the subject, but are merely offering this suggestion in order, if possible, to save unnecessary telegraphic expense.

Yours very truly,

WESTERN SUGAR REFINERY,
M. R. OBITZ,
Asst. Sales Manager.

(Institute files.)

4324 *Government Exhibit 483–G*

[Letterhead of Arbuckle Brothers]

NEW YORK, *August 25, 1930.*

THE SUGAR INSTITUTE, INC.,
City.

(Att'n. Mr. F. G. Taylor.)

GENTLEMEN: Our Toledo, Ohio, broker advises us that the Merchants & Manufacturers Warehouse Co., Toledo, has been reinstated. Is this correct?

Very truly yours,

ARBUCKLE BROTHERS,
CODY.

(Institute files.)

4325 *Government Exhibit 483–H*

[Letterhead of Sullivan & Cromwell]

NEW YORK, *October 30, 1930.*

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute,
129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: I am returning herewith the letter from C. & H. dated October 17, suggesting the possible convenience of conference between Mr. Cummings and Judge Devine in an attempt to harmonize to some extent the interest of The Sugar Institute and the Sugar *Bureau.*

I understand the Sugar Institute will acknowledge receipt of this letter and will furnish us shortly with copy of the Code of Ethics and interpretations thereof of the Domestic Sugar Bureau so that we can make a study of the matter.

I also return C. & H.'s letter of October 17 with reference to the phraseology used in excerpts of the minutes of the Executive Committee Meeting of September 17, 1930, reporting findings of the Committee that various companies were "not *qualified*" to store sugar, act as brokers, etc. I suggest that you acknowledge this letter by advising C. & H. that prior to the receipt of their letter the Institute had already been advised by its counsel that such *phraseology*

4326 was incorrect and that the use thereof in the minutes of the Executive Committee has been discontinued, as will be seen, for example, in the excerpts of the minutes of the meeting of October 15.

Yours very truly,

L. A. CROSBY.

(Enclosures.)

4327 *Government Exhibit 483–I*

[Letterhead of Texas Sugar Refining Corporation]

TEXAS CITY, TEXAS, *November 28, 1931.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: Referring to announcement of Western's intention to store with Jones Bonded Warehouse, Terrell, Texas.

While we know nothing about this Warehouse, we have been working along, as you know, very nicely down here in Texas on a list of storage points which all the refiners have recognized as Texas points, and Terrell is not on that list. Therefore we are very much *in hopes the Western can be prevailed upon to not open up a storage stock at Terrell.* It may result in a general breaking down of the Texas storage situation, which would be very bad, and which has been in good condition now for the past year or more.

Yours very truly,

E. V. RHODES, *Vice President.*

(Institute files.)

4328 *Government Exhibit 484*

Brokers' pledges

THE NATIONAL SUGAR BROKERS ASSOCIATION,
82 Wall Street, New York, March 26, 1930.

To the Members:

You will doubtless have received from the refiners, or from your correspondent brokers in refining centres, copies of Pledges or Agreements with the individual refiners which are to be signed under oath and returned March 31.

Your Board has thought it desirable to have legal opinion in regard to these and is awaiting definite advices.

If by March 31st you have not received any further communication from the Association in regard to this matter, you will understand that no important objection has been raised. In the meantime the Board wishes to assure the members that it is in hearty sympathy with the purposes of the refiners in sending out these pledges.

Yours very truly,

WM. H. BURNS, *President.*

4329 *Government Exhibit 485*

Enforcement, correspondence re

ARBUCKLE BROTHERS,
New York, October 30, 1929.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR MR. TAYLOR: I would thank you to read this report at the meeting tomorrow:

A city buyer failed to withdraw approximately 1,100 bags to close his $5.40 contract. We issued an order in bags of Fine Granulated. The buyer to all intent and purpose refused tender by saying that he could not and, therefore, would not take in the sugar. Yesterday we authorized the broker to sell out this buyer, we billing him with the difference between the contract and resale price.

This was the proper procedure up to this point, but we *should now* report the buyer's name to the Institute and *discontinue selling him.* However, although a speculative buyer, he is an important one, and I am sure that he has not been treated strictly in accordance with the spirit of the resolution covering contract enforcement. Therefore, I regret that I shall be unable to report the name and also that we will not refuse to sell him in the future unless we have absolute assurance that no other refiner has not failed through subterfuge or otherwise, [failed] to force delivery on all local buyers who did not voluntarily specify by the 25th nor granted delays nor effected deliveries to second buyers on instructions issued after the 25th.

Yours very truly,

CODY.

JPC:AFS.

4330 *Government Exhibit 486*

[Copy of incoming original telegram]

NEW ORLEANS, LA., *Aug. 19, 1929—4:30 p. m.*

THE SUGAR INSTITUTE, INC.,
New York, N. Y.:

Re tel. balance five-cent contracts guaranteed territory three hundred fifty sacks not due until twenty-first Stop. Two hundred seventy-five sacks due no guarantee territory to c. o. d. buyer who will accept delivery as soon as he can get the money together Stop. Nothing due in Texas.

WM. HENDERSON.

(Institute files.)

4331 *Government Exhibit 486–A*

[Copy of outgoing telegram]

AUGUST 20, 1929.

WILLIAM HENDERSON,
749 South Peters Street, New Orleans, La.:

Re your delivery report 19 c. o. d. buyer should be put in breach of contract and notified in accordance with provision Paragraph Three Enforcement Regulations as posted.

THE SUGAR INSTITUTE.

(Institute files.)

4332 *Government Exhibit 487*

[Letterhead of Arbuckle Brothers]

NEW YORK, *December 10, 1928.*

SIDNEY BALLOU, Esq.,
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR SIR: We entered a contract for 600 barrels on October 10th for the National Fruit & Produce Company, Mabscott, W. Va.

The withdrawal order was lodged within the contract period, but shipment of two cars was ordered delayed on the statement that the firm was retiring from business.

We have been unable to force delivery, and in the meantime the market has advanced five points above the contract price. Therefore, as there is no cause for action, we are considering this contract closed.

Yours very truly,

ARBUCKLE BROTHERS,
(sgd.) CODY.

(Institute files.)

4333 *Government Exhibit 487–A*

[Copy]

DECEMBER 10, 1928.

ARBUCKLE BROTHERS,
71 Water Street, New York, N. Y.

GENTLEMEN: I have your letter of December 10th concerning contract with the National Fruit & Produce Company, of Mabscott, W. Va., on which you were unable to enforce delivery.

In view of the market conditions as outlined, your disposition of the matter appears to be satisfactory.

Very truly yours,

Executive Secretary.

SB: BMF.
(Institute files.)

4334 *Government Exhibit 488*

[Confirmation of telegram received by The W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., *5-9-30—9 a. m.*

Filed by sender 5-9-30.

From The Sugar Institute, Inc., New York, N. Y.

It is *recommended* that to all customers who have not furnished specifications due May sixth *you send the following wire tomorrow*, May ninth. Quote Unless we are advised by wire that specifications for immediate shipment due us on May sixth will be in our hands on or before May tenth we shall ship at once one-hundred-pound bags granulated Unquote Stop. Please advise Institute of names and full particulars in all cases where for any reason you do not take this course for information and action of board of directors at meeting of May fifteenth.

AJS.

(Institute files.)

4335 *Government Exhibit 488-B*

MARCH 8, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention: Mr. Sidney Ballou, Executive Secretary.)

GENTLEMEN: Replying to paragraph one in your letter of March 2nd, we enclose herewith a list showing contract balances on which the thirty-day period has expired.

In the future *we will notify you* immediately after the expiration of *any contract that has not been fulfilled according to its terms. Since January 9th, 1928, we have not consented to the cancellation* of the obligation to withdraw and pay for any portion of the sugar specified in any contract.

Yours very truly,

REVERE SUGAR REFINERY,
H. E. WORCESTER, *Vice Pres.*

(Revere files.)

4336 *Government Exhibit 488-C*

[Copy of telegram sent by The W. J. McCahan Sugar Refining & Molasses Co.]

From PHILADELPHIA, PA., *May 17, 1928.*

To DULIN & DRAPER,
Tampa, Florida.

Referring our letters ninth, please make special effort close all overdue contracts, as we don't wish be *forced report to Institute again, and all contracts* certainly should have been closed out long ago Stop. We must impress upon you seriousness situation and request you advise us immediately.

NC/CB.

(McCahan files.)

4337 *Government Exhibit 488–D*

[Copy]

OCTOBER 25TH, 1929.

MR. H. G. THOMPSON,
Imperial Sugar Company, Sugar Land, Texas.

DEAR MR. THOMPSON: We wired you this morning in reply to your request for advice in handling 1200 bags of delinquent contracts that were held up for credit reasons that the buyers should be put in breach, and the Institute notified as a matter of credit information.

There have been various discussions concerning similar or identical cases during the various moves that have occurred since enforcement was started, and it has been the expressed opinion that cancellation of such contracts on a rising market might establish an embarrassing precedent. This was particularly expressed in connection with the 4.75 and 4.85 contracts. It was thought, however, on all contracts which carried a profit that a cancellation would have the effect of suggesting to the buyer that he put the "shoe on the other foot" and cancel under a market decline.

The question of selling for buyers account was also discussed, and in this connection it was thought that if the sugar was sold at a price higher than he paid for it, and he was given a profit such method of disposition would scarcely be called a *penalty*, and that it might not, under all circumstances, be a satisfactory method of disposing of such a case.

It was, therefore, recommended that in such cases the buyer be put in breach, and officially notified that he had breached his contract; then subsequent action could be taken as seemed most suitable to the individual case. When such action is taken, and the buyer's name is reported to the Institute he has been at least technically penalized for his future to meet the terms of the contract. If subsequently he desires the contract reinstated, and offers satisfactory payment terms you may, at your discretion, reinstate it, and as regards cancellation, or selling for buyer's account, we believe you should be governed by your own opinion subject to the circumstances involved. We trust this letter satisfactorily explains the situation.

We reported in the telegram that Judge Ballou was ill and would not attend the New Orleans meeting. We have written Mr.
4338 Eldridge today giving him some details regarding the Judge's illness. Reports are that he is still improving. With kindest regards, I am

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

4339 *Government Exhibit 488–E*

Report No. 7. Refinery No. k.

The Sugar Institute, Inc., 129 Front Street, New York

Weekly Report of Sugars on Hand, not withdrawn in accordance with Buyers' Contracts.

Report for Week Ending Saturday, July 6, 1929.

Date due	Buyer—Address (city and State only)	Basis price	Amount in bags
6/10/29	Haller & Perrin, Pittsburgh, Pa	4.75	200
6/10/29	I. Liberman, Buffalo, N. Y	4.75	400
6/10/29	Feigenson Bros., Detroit, Mich	4.75	100
6/10/29	Clicquot Club Co., Millis, Mass	4.75	1,050
6/10/29	John Cassidy Co., Bangor, Maine	4.75	130
6/10/29	Bakeries Service Corp., New York, N. Y	4.75	165
6/10/29	Milliken Tomlinson Co., Portland, Maine	4.75	1,152

4340 *Government Exhibit 488–F*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 2, 1928.

To All Members of The Sugar Institute, Inc.:

GENTLEMEN: At a recent meeting of the Executive Committee, the statement was made by some members that the present service charge on less-than-carload deliveries was not working satisfactorily. The suggestion was made that it should be modified to include only deliveries from warehouses at consignment points of less than 100 bags.

The matter was referred to the next meeting of the Board of Directors for further discussion and action. In the meantime the Institute would be glad to receive *your views* in the light of experience gained by the practical application of this charge during the time it has been in force.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

DEAR DOUGLAS: We particularly want the views of the beet people, either directly or through you; assuming that the Chicago warehouse situation will be otherwise straightened out.

S. B.

(Institute files.)

4341 *Government Exhibit 488–G*

OCTOBER 3, 1930.

J. O. D.:

The matter of L. C. L. Deliveries from Consignment was also passed subject to the approval of the Domestic Sugar Bureau. We will send you a circular on this subject, after it has been approved by counsel.

We would also like to have your views about the matter of a voluntary assessment.

F. G. T.

(Institute files.)

4342 *Government Exhibit 488–H*

OCTOBER 9, 1930.

MR. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front St., New York City.

DEAR FRED: Referring to your memo of October 3rd, the matter of what should constitute minimum delivery from consignments was a subject which the Bureau considered about nine months ago. At that time I presented the question to Counsel for his advice and opinion regarding the legality of the Bureau taking concerted action with respect to minimum deliveries and enclose, herewith, excerpt from minutes of the Bureau's Directors' Meeting of February 11, 1930.

Yours very truly,

J. O. DOUGLAS,
Executive Secretary.

(Institute files.)

4343 *Government Exhibit 488–I*

Excerpt from Minutes of Domestic Sugar Bureau Directors' Meeting Held in Chicago February 11, 1930

The Executive Secretary stated to the meeting that on several occasions during the past year the question of minimum deliveries had been presented. He explained that in certain territories the trade were of the opinion that minimum deliveries of a fixed amount would be very desirable. This matter was referred to Counsel as to whether or not the Bureau legally could take concerted action in this matter. Counsel's letter dated January 30, 1930, was then read and made a part of these minutes.

JANUARY 30, 1930.

Mr. J. O. DOUGLAS,
Executive Secretary, Domestic Sugar Bureau,
1602 State Bank Building, Chicago, Illinois.

DEAR SIR: You have asked my opinion as to whether it is legal for members of the Bureau to take concerted action in prescribing the number of bags of sugar which shall constitute a minimum delivery to the buyer.

No valid reason is suggested why this should be done, nor do I know of any, and in my opinion the members of the *Bureau cannot lawfully take concerted action in this matter*, for the reason that it relates to the sale of a commodity in interstate commerce, and any agreement unreasonably restricting the freedom of action of the individual members in this respect would be in violation of the Sherman Act.

In Thornton on Combinations in Restraint of Trade, Section 164, the author states:

"Any contract or combination which directly operates upon the sale, transportation, and delivery of an article of interstate commerce, by preventing or restricting its sale, thereby regulates interstate commerce to that extent, and thus trenches on the power of Congress. If the prevention or restriction is unreasonable, it is void."

What a member shall charge for his sugar or in what quantity he shall sell it, are matters to be determined solely by the individual member, and any attempt to interfere with the discretion of our individual members in either of these particulars *would constitute an unlawful agreement in restraint of trade*, within the meaning of that law.

Yours very truly,

(Signed) T. H. DEVINE,
General Counsel.

In view of Counsel's opinion, the President declared that the meeting should take no action with regard to the foregoing matter.

4344 *Government Exhibit 489*

[Telegram]

JUNE 13, 1929.

WESTERN SUGAR REFINERY,
2 Pine Street, San Francisco, Calif.:

Referring to Texas situation, action of May twenty-ninth proposing discontinuance of consignments Texas and Oklahoma, like many other constructive moves for betterment of sugar industry, was taken with *expectation that competitive interests would follow and is obviously impracticable if they do not* Stop. In this case we are informed that principal Pacific Coast competitor declines for reasons which seem insufficient to us, but which are his own business, to reduce consign-

ment points in Texas. Under these circumstances by action of Executive Committee today effective date reduction of consignment points in Texas, Oklahoma, and Arkansas postponed.

THE SUGAR INSTITUTE.

(Institute files.)

4345 *Government Exhibit 489–A*

JULY 12, 1929.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 South La Salle St., Chicago, Ill.

MY DEAR MR. DOUGLAS: I brought the tentative list of the Bureau's recognized consignment markets before the Executive Committee for discussion. You will understand that the Executive Committee includes the refiners having offices in New York, Philadelphia, and Boston.

As was to be expected, there was much unfavorable comment on the Iowa list. I stated that I understood from you that the reason for this list was the competition caused by the 30,000-pound Intra-State minimum in Iowa. This explanation did not seem to be convincing, the general expression of opinion being that Bureau members should meet what competition was thus occasioned by split billing, in accordance with the permission of your Code, and that this ought to take care of the situation without the numerous consignment points being necessary.

The most serious phase of this situation was voiced by one member, who said: "This list is playing right into Moog's hands and deprives us of any talking point by which to convince Moog or Godchaux that they should yield a point in *Illinois* and *Missouri*. Moog will reply that as long as Bureau members feel that they are at any disadvantage they insist on a long line of consignment points while they want Godchaux to waive a similar disadvantage in other states."

In order to clarify the situation, I wish to submit the following considerations:

1. *Texas, Oklahoma, and Arkansas.*—In these three states the Institute has a Committee report on file and is ready to adopt it. We understand that action in this direction was blocked by information that the C. & H. was not ready to concur with respect to Texas, whereupon the Institute members said that they would prefer to treat these three states as a whole. Now that C. & H. have secured syrup contracts and are prepared to deliver mixed cars of sugar and syrup upon the same terms as the Texas refiners, it may be that they feel differently upon that matter. At all events, we should like to see an effort made to recommend a list of consignment points in these three states, and we believe that the Institute members are
4346 ready to follow the recommendations of the Southern Consignment Committee report of April 24th in these states.

2. *General Action excluding Illinois and Missouri.*—The only determined opposition to the Bureau's tentative list comes from Godchaux, and after discussion at our last meeting we got Godchaux to the point of saying that he would confine such opposition to Illinois and Missouri and would be willing to go along with any recommendation covering other states. This raises the question of how far the Bureau members would be ready to go upon this basis. The experience of the Institute under similar circumstances has been that half a loaf is very much better than none. We have found that real progress is made by *going as far as the most reluctant man is willing* and by resisting the temptation to hold out territory for trading purposes.

3. *Attitude of Western.*—You will understand that we have not yet received any comments from our member, the Western Sugar Refinery. We believe, however, that most of their objections will be in states in which Eastern and Southern refiners do very little business and that therefore the necessary adjustments will be made by discussion and compromise with the Bureau members rather than with the Institute.

Very truly yours,

Executive Secretary.

SB?BMF.

4347 *Government Exhibit 489–C*

[Telegram]

TEXAS CITY, TEX., *Dec. 14—8:57 a., 1929.*

THE SUGAR INSTITUTE:

Telegram received. We are agreeable Domestic Bureau consignment list.

TEXAS SUGAR REFINING CORPN.

10:10 a. m.
(Institute files.)

4348 *Government Exhibit 489–D*

[Night letter]

DEC. 13/29.

(Send to Henderson, Imperial, Texas City, C. & H., and Western.)

Eastern members of Institute are agreeable with very slight exception to adopting Domestic Bureau's consignment list, eliminating Illinois and Missouri Stop. Please advise promptly your attitude in matter.

THE SUGAR INSTITUTE.

(Institute files.)

4349 *Government Exhibit 489–E*

[Telegram]

SUGAR LAND, TEXAS, *Dec. 14, 29—12: 15 p. m.*

THE SUGAR INSTITUTE, INC.,
N. Y.:

If other members Southern Committee agreeable adopting Domestic Bureau's consignment list with Illinois and Missouri eliminated, we will offer no objections.

IMPERIAL SUGAR CO.

1: 52 p. m.
(Institute files.)

4350 *Government Exhibit 489–F*

[Telegram]

SAN FRANCISCO, CALIF., *Dec. 14, 29—12: 55 p. m.*

THE SUGAR INSTITUTE,
N. Y.:

Sullivan not yet home Stop. We approve Domestic Sugar Bureau consignment list Stop. Feel effort should be made restrict number consignment points in State of Illinois.

E. T. RABJOHN.

4: 18 p. m.
(Institute files.)

4351 *Government Exhibit 489–G*

[Telegram]

SAN FRANCISCO, CALIF., *Dec. 14, 1929—12: 06 p. m.*

SUGAR INSTITUTE, INC.,
129 Front St., W. U. X., New York, N. Y.:

We are pleased that Domestic Bureau's consignment list has been accepted as per your wire thirteenth.

CALIF. AND HAWAIIAN SUGAR REFINING CORP., LTD.

3: 43 p. m.
(Institute files.)

4353 *Government Exhibit 489–I*

[Telegram]

OCTOBER 31, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.:

In state of Indiana Indianapolis and Fort Wayne were recommended as recognized consignment markets. It was generally understood, however, that this recommendation did not affect so-called "Southern territory" but indefiniteness as to boundaries of Southern territory is leading to confusion and to consignments spreading over state Stop. Institute believes it fair to define Southern territory for this purpose as territory where the rail rate from New Orleans or Savannah is equal or lower than rail rate from Baltimore or Philadelphia Stop. Do you consider this definition fair for de-
4354 termination of limits of unrestricted consignment territory Stop. One Northern refiner defends consignments in Northern Indiana by assertion that you stated at Directors' Meeting that you reserved right to store anywhere in the state. Was such statement made, and does this represent your present attitude?

THE SUGAR INSTITUTE.

(Institute files.)

4355 *Government Exhibit 489–J*

[Copy of original telegram]

NEW ORLEANS, LA., *Nov. 1, '1928—9:58 a. m.*

JUDGE SIDNEY BALLOU,
129 Front St., care The Sugar Institute, Inc.,
New York, N. Y.:

We confirm correctness your definition Southern territory for consignment purposes as outlined your night letter October thirty-first Stop. I made no statement that we reserved right to store anywhere. My statement was that we would not endeavor to hand pick consignment points but would be willing to let evidence of need of same be demonstrated by service charge insofar as basic New Orleans territory concerned Stop. This statement made with full expectancy of respecting any position taken by Eastern refiners as to consignments in their normal territory Stop. Trust the above fully clarifies this situation.

J. MOOG.

11:13 a. m.
(Institute files.)

4356 *Government Exhibit 490*

JUNE 28th, 1928.

Mr. THOMAS McK. CUMMINS,
% James Cummins & Co.,
National Exchange Bank Bldg., Wheeling, West Va.

DEAR MR. CUMMINS: The last sentence in the last paragraph of your letter of June 25th, which was confirmed to your company yesterday, has struck me so forcibly that I am moved to write you. I do not believe that you are doing yourself justice when you state that you wonder sometimes that you sold any sugars since you have not had any consignment stocks available.

In the first place, you may rest assured that, since you have no consignment stocks to offer your trade, no other broker can do so either. And, under the administration of the Sugar Institute, neither can any jobber or distributor carry, at a special secret concession in price, any refiner's consigned sugars under the guise of his own stocks.

In the second place, I want to congratulate you upon the good showing you have made in sales at each market change since consignment stocks in Wheeling have been discontinued. *I realize that you are confronted with certain difficulties since having lost your consignment stocks*, but I feel sure that your consistent efforts will continue to result in a good volume of business from your market.

I may visit the Pittsburgh market within the next thirty days, in which event you may be sure that I shall telegraph you and arrange to spend a day in Wheeling.

With kindest personal regards to you and to your father, I am

Yours sincerely,

Asst. Vice President.

William O. Stanton, CB—Dictated to.
(McCahan files.)

4357 *Government Exhibit 490-A*

[Letterhead of James Cummins & Co.]

WHEELING, W. VA., *June 30, 1928.*

Mr. WILLIAM O. STANTON,
% W. J. McCahan Sugar Refining & Molasses Co.,
Philadelphia, Pa.

DEAR MR. STANTON: For the past year or so one refiner's price (Arbuckles) *has been about 5¢ under other refiner's price.* You, of course, know this better than we do. When we had consigned stocks here, this lower price did not make so much difference, because Arbuckle did not carry consigned stocks, and it was worth something

to be able to get sugar at a moment's notice, and in most any quantity. Now, having no consigned stocks, buyers naturally lean towards the lowest price, quality, quick shipment, etc., being equal. We certainly do not blame them.

That is why I wondered, in my letter of the 25th, that we have sold as much sugar as we have in the past month.

Please be assured that I am not kicking about our not having spot stocks, nor about the Sugar Institute. It is all a good thing for the sugar industry, no doubt. We are here to sell all that we can of McCahan's sugars. We do not like to see our batting average slump, as it has done the past two or three months, but we are doing what we can under the circumstances.

Very sincerely,

THOMAS McK. CUMMINS.

(McCahan files.)

4358 *Government Exhibit 490–B*

JULY 6, 1928.

Messrs. DULIN & DRAPER,
422 Stovall Prof. Building,
Tampa, Fla.

DEAR SIRS: We have for acknowledgment your letter of June 27th, the contents of which would seem only to confirm the opinions expressed in our letter of July 3rd regretfully advising you that all things considered we have arrived at the conclusion that it would be mutally advantageous for us to discontinue consignment shipments. *Under the Sugar Institute we cannot very well combat the competition of Hershey.* However, while Hershey is not a member of the Institute it is our understanding that he had expressed great willingness to be governed by the Code of Ethics and the recommendations of that organization.

Yours very truly,
N. Crock.
HB.
(McCahan files.)

4359 *Government Exhibit 490–C*

[Letterhead of Dulin & Draper]

TAMPA, FLORDIA, *July 9, 1928.*

THE W. J. McCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front St., Philadelphia, Penn.

GENTLEMEN: We are in receipt of yours of the 6th, answering ours of the 27th, and agree with you that on account of the liberality Hershey and some of the others are able to extend to our jobbers here and the *rigid rules* we have to live up to to comply with the requirements of the *Sugar Institute*, both with respect to credits and

every other angle, this market is *not profitable* to either you or ourselves. Therefore, as you state, further consignments may be discontinued to our mutual advantage. With the little sugar we have been selling on account of the restrictions referred to above, and the many telegrams we have had to send you and pay for ourselves, our outgo has certainly exceeded our income.

With kindest regards, beg to remain,

Yours very truly,

DULIN & DRAPER,
JOHN C. DULIN.

(McCahan files.)

4360 *Government Exhibit 490–D*

[Letterhead of Dulin & Draper]

TAMPA, FLORIDA, *Jan. 7, 1929.*

THE W. J. MCCAHAN S. R. & M. Co.,
Philadelphia, Pa.

GENTLEMEN: We are this morning in receipt of yours of the 4th relative to the balance of $11.04 due you by A. Vento & Son, which, as we understand, is account of an error in a previous invoice wherein one bag of Sugar was dropped. We have called this to Mr. Vento's attention several times, having made several trips out there in you behalf, which we think is pretty good evidence of our desire to be of assistance to you, and each time Mr. Vento promised to give this matter attention. We will call on him again, however, and will certainly do our best for you.

With reference to that part of your letter about our not making any money out of your account, of course, you know this is a fact as well as we do. The reason we had occasion to make such a statement is evidenced by the volume we have been, or rather not been, able to do for you the past six months. Credit conditions here have been bad, it is true, but on the other hand *you have restrained our consignments to the extent that we have been unable to make bookings here and accommodate the Jobbers for orders they wanted* in the way that our competitors are able to do. As an illustration, we might have, say, a couple hundred bags of sugar here on consignment, but some particular size when you wire us a price and authorize us to book but with the understanding that all bookings must be delivered from the meager quantity we have on hand, it is out of the question to do so when the Brokers here for Franklin, American, Hershey, Henderson, and Godchaux have thousands of bags of all sizes on hand. You can readily see from such a condition that it would be impossible for us to build up a Sugar business for you. We have enjoyed doing business with you folks and would like to continue doing so, as we have no other Sugar account and are not seeking any other. The only point is that if you could just see your way clear to

open up your hearts somewhat and be freer with consignments and thus give us an even break with our competitors.

Yours very truly,

DULIN & DRAPER.
JOHN C. DULIN.

(McCahan files.)

4361 *Government Exhibit 490–E*

[Letterhead of Dulin & Draper]

TAMPA, FLORIDA, *March 23, 1929.*

W. J. McCAHAN S. R. & M. Co.,
Philadelphia, Pa.

GENTLEMEN: With reference to your wire of the 12th wherein you authorized us to submit any offers to you by wire in the event we might be able to sell any of the old stocks here on consignment.

As we advised you in several letters in the past, the sugar situation here is such that we never have been able to do a volume that would mean a profit for you and ourselves. After we had gotten started with your account, the credit conditions here became very bad, and this, coupled with your inclination not to supply us liberally with stocks so that we could go after the big business as well as the little business retarded our progress; for this reason we advised you last summer and fall that we thought it would be best to give up your account. You realize, of course, that this market has not been profitable for you and has been nothing but a dead expense to us.

We, therefore, could not continue the expense of wiring you on offers we might receive on the stocks here, because the brokerage would not pay for the telegrams; so if there is some other Broker here that you feel might do well with your account would be glad to see you give it to him and instruct the warehouse of your change in brokerage connections.

We regret indeed, gentlemen, the necessity of this decision, but we feel it is best for your interests as well as our own. Your records will show that we have advised you on two or three previous occasions that we thought it best to give up the account because we are not making any money for you. Wish to assure you, however, that our feelings towards you good people are of the kindest, and if we can serve you at any time do not hesitate to call on us.

Yours very truly,

DULIN & DRAPER,
JOHN C. DULIN.

O balls, you little squirts—WOS.
(McCahan files.)

4362 *Government Exhibit 490–F*

[Telegram]

NEW YORK, N. Y., *June 17, 1929.*

WM. HENDERSON,
749 S. Peters St., New Orleans, La.:

A recommendation from New Orleans that *Jackson*, Mississippi, be discontinued as a consignment point, leaving only Meridian in that State, has been concurred in by al lrefiners interested, including *Hershey*, pending formal action. *It is requested that consignments to Jackson be discontinued.*

THE SUGAR INSTITUTE.

(Henderson files.)

4363 *Government Exhibit 490–O*

[Letterhead of Godchaux Sugars, Inc.]

NEW ORLEANS, *December 23, 1929.*

MR. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

Subject: Southern Consignment Points.

DEAR MR. TAYLOR: The Southern Committee, in their recommendation to the Sugar Institute Directors, in November of this year recommended the elimination of the following consignment points:

Meridian, Miss.; Knoxville, Tenn.; Nashville, Tenn.

There has been no action taken on the above, and I would suggest that this matter be given further consideration and action taken at the January meeting.

I would also like to suggest that in sufficient time prior to this meeting the Institute members be advised of our desire to have this subject discussed, so that they can be prepared to vote definitely on this subject at the January meeting. In fact, as I recall it, it was decided by the Directors in November that as to Knoxville and Nashville, Tennessee, the question of discontinuing these two consignments would be acted upon by the Executive Committee prior to January 1st, but I have heard no report of action by them.

In addition to the above and also by reason of the four-payment plan being now operative in Kentucky, I desire to *recommend* that *all consignments in the State of Kentucky be eliminated*, as I can see no reason for a duplication as brought about by present existing consignments and the four-payment and storage-in-jobbers' warehouse plan. I therefore, recommend that Lexington and Louisville both be discontinued as consignment points.

In regard to Louisville, the question of consignments should be taken up with the *Domestic* Bureau, because I believe there are some beet sugars stored in Louisville.

4364 Will you please give these matters your attention?

Very truly yours,

J. Moog.

(Institute files.)

4365 *Government Exhibit 490–P*

DECEMBER 26TH, 1929.

Mr. J. Moog,
Godchaux Sugars, Inc.,
Masonic Temple Building, New Orleans, La.

DEAR MR. MOOG: Replying to your letter of December 23rd, in which you mention Meridian, Knoxville, and Nashville, will say that I think *we are now prepared to withdraw Meridian, having gotten the verbal consent of Hershey and Colonial on Tuesday*, and I have asked them to confirm the matter in writing.

With reference to the other two, will say that *I made a special effort while Mr. Rolph and Mr. Flarsheim were here to get them to agree with our program of withdrawal*, but their answer was that they would not consider that until we had done something to improve conditions in Illinois. We did get them to reconsider their similar attitude towards the whole Domestic Bureau's proposed list, and probably by next meeting date we will be able to convert them to the philosophy of half a loaf being better than no bread.

I shall, as you suggest, circularize the idea in advance of the Meeting, and put it on the Agenda, and will also bring to the attention of the Meeting your suggestion that consignments be withdrawn from Kentucky.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Institute files.)

4366 *Government Exhibit 490–Q*

[Letterhead of Arbuckle Brothers]

NEW YORK, *December 27, 1929.*

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR SIR: The only point where we consign in the so-called "South" is at Wilmington, N. C.

Consignments at Wilmington were discontinued as part of a plan that eliminated the Four Payment Plan from the balance of the South. In the meantime the Four Payment Plan has been rein-

stated, although we do not use that plan and prefer not to use it even in North Carolina. Is it not fair, under the circumstances, to protect the little business we have in that State by again resuming public consignments in Wilmington?

Yours very truly,

ARBUCKLE BROTHERS,
(sgd.) CODY.

P. S.—Surely a public consignment is not as objectionable as store consignments.

(Institute files.)

4367 *Government Exhibit 490–R*

JANUARY 8, 1930.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.

Re: Consignment Points

DEAR MR. MOOG: I regret to report that since addressing you under date of December 26th, regarding the withdrawal of *Meridian*, Mississippi, the *Colonial people have changed their* minds regarding this withdrawal, now say they are not willing to make any further withdrawals of consignments in southern territory until something can be done to improve the situation in Illinois.

As you know, the C. & H. have taken the same position with respect to Knoxville and Nashville, so we are apparently at a standstill insofar as these points are concerned.

We are hopeful that some compromise may be reached in the Illinois situation to prevent the impending demoralization which otherwise seem to be.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice-Secretary.

(Institute files.)

4368 *Government Exhibit 490–S*

[Telegram]

NEW YORK, N. Y., *Feb. 21—10:42 A.*

WM. HENDERSON:

Have you any remaining stocks at *withdrawn consignment points* or in *affiliated warehouses* from which directors recommended withdrawal by February twentieth Stop. Please wire answer and if so give quantity and location.

SUGAR INSTITUTE, INC.

(Henderson files.)

4369 *Government Exhibit 490–T*

[Letterhead of Godchaux Sugars, Inc.]

NEW ORLEANS, *March 21, 1930.*

MR. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: I was greatly surprised, and I must say somewhat chagrined, to receive advice this morning that Great Western have resumed consignments in Oshkosh, Wisconsin. I do not know what caused them to change their minds as regards Oshkosh, and therefore thought I would write and ascertain the reason therefor.

As I explained to you when East, our representatives have been quite insistent on having us place a consignment at Oshkosh, Wisconsin, but we refused to do so, and now, after our refusal to do so, undoubtedly the customer who wanted to favor us with their business has gone to Great Western, and they, in order to obtain the business, have placed consignments at *Oshkosh.*

I am bringing this especially to your attention to show the virtual impossibility of agreeing with the *Domestic Bureau* on these consignment points, because it is quite evident that they *will not* "*stay put*" as regards same.

If you can give me any enlightenment on this subject, I would be glad to receive it.

Very truly yours,

J. MOOG.

(Institute files.)

4370 *Government Exhibit 491*

[Copy]

PROUDFOOT, CHINAL & CO., INC.,
Tampa, Feb. 14, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: In response to your request for information on the *Tampa Brokerage Company*, Tampa, Fla., we are pleased to advise this concern is conducted by Hugh S. Dawson, and represents the American Sugar Refining Company.

Our advices are that practically all sugars consigned by this Refiner to Tampa arrive via the Bull S/S Line which docks at the Lee Terminal and Warehouse Corporation's own dock, and are stored in their #2 Concrete Warehouse. There is no drayage charge.

Deliveries are made to buyers by the warehouse on broker's telephone order giving order number, but the warehouse receives no

signed confirmation of delivery order from Broker. The warehou management daily mails a copy of each delivery ticket coverin every delivery made during the day direct to the refiner, also one the broker, thus eliminating the possibility of holding up billin by the broker if compared by the refiner with the broker's advis

The Tampa Brokerage Co. does not invoice the buyer, but ente such deliveries on D. F. C. (Delivery from Consignment) forms pr vided by the refiner, which the broker mails direct to the Refine

Our investigation covered an examination of shipments made thr this broker for December 1929 and January 1930. Apparently vo ume has fallen off quite severely as brokerage are about 10% the amount earned a year previous. The Broker appeared quite di couraged, and states he has been rather reluctant to continue th account.

The records examined show the A. & P. Tea Co. are among th largest drawers from consignment. This concern generally star drawing on Saturday, and finishes drawing carload lots, or the equi alent on the following Monday or Tuesday.

The Broker has no knowledge of this account as drawings are a parently against contracts made in New York, and he is authorize to permit deliveries and simply reports same to the refiner. Hov ever, there appears to be a type of irregularity arising from sales L/CL (Less than carload) lots to the Tropical Grocery Co., of S Petersburg. It appears that when shipments arrive at Tampa the Bull Line Steamers the Broker calls up this customer and ge his requirements. These are then left aboard of the steamer; th balance being stored in warehouse, and the steamer moves across th Bay to St. Petersburg where they are discharged. In this mann the buyer is not buying at Tampa, and doing his own hauling to S Petersburg but is really obtaining delivery at the latter point f the Refiner. As we get it, the Bull Line does this as a courtesy the Tampa Brokerage Co., no charge being made therefore. The is a question if the Steamship Company can do this. While th

Refiner does not lose any money in this instance, it is cle
4371 the buyer is getting something his competitors in St. Peter
burg do not get. The result is also the restricting of a fr market for all Refiners as this buyer will undoubtedly stay with th broker able to accord him this privilege.

The warehouse management advises storage is charged for shi ments left on steamers.

We believe in the interest of a free field this type of shipme should be discontinued.

Very truly yours,

PROUDFOOT, CHINAL & CO., INC.

(McCahan files.)

4372 *Government Exhibit 492*

[Letterhead of Albergotti Bros. & Co.]

ROANOKE, VA., *Jan. 2, 1928.*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa.

(Attention Mr. William O. Stanton.)

GENTLEMEN: We were talking to the gentlemen who has just bought the local Piggly Wiggly unit and he tells us that he will probably be able to use from three to five cars of sugar every month. Their past contracts have been made by Memphis and *as you well know they always buy cheaper than the regular jobber on account of the quantity they buy.*

We would like very much to have you cooperate with us towards securing this business and if you can give us something special for these people we certainly will appreciate it.

They tell us that they are now buying from American at $5.70 while our price is $5.80. We wish that you would authorize us to accept business on this basis.

We have been working again on Roanoke Grocery & Milling Company for some of their business and we talked to them about 5¢ storage allowance, but this does not interest them. We believe that National is allowing them at least 10¢ per sack storage and we are wondering if you are in a position to help us out on a proposition of this kind.

We think it would be well worth your while to come to Roanoke and see these people as they have the largest sugar business here and we certainly would like to get in on some of this.

If possible for you to come down before you go to the convention we will appreciate you doing so.

Please advise when we may expect you in order that we may arrange our plans accordingly.

Yours very truly,

ALBERGOTTI BROS. & CO.

(McCahan files.)

4373 *Government Exhibit 492–A*

JANUARY 12, 1928.

Messrs. ALBERGOTTI BROS. & CO.,
Roanoke, Va.

DEAR SIRS: We have, of course, read with a great deal of interest the information contained in your letter of January 2nd, in reference to buying advantages enjoyed by the Roanoke Grocery & Milling Company, as well as those reputed obtainable by the Piggly Wiggly Stores of Memphis.

We have purposely held off writing to you concerning this subject as we felt that shortly there would be some developments in connection with The Sugar Institute, which is now formed. You will note from our Announcement No. 2, dated Monday the 9th of January, that our position regarding such practices as these has been clearly defined. Furthermore, we intend to subscribe 100% to the recommendations of the Institute and expect to adhere to the fullest extent both to the word and spirit of the "Code of Ethics of The Sugar Institute, Inc.", a copy of which was furnished you with our letter of yesterday. This will affect Goria Brothers and no doubt you have notified them already of the change in conditions.

Yours very truly,

WM. O. STANTON.

(McCahan files.)

4374 *Government Exhibit 493*

[Copy]

L. W. & P. ARMSTRONG,
March 30, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

GENTLEMEN: One of our agents in Texas writes us as follows:

"After spending all my efforts with the Great Atlantic & Pacific Tea Co., I just learned today that all their sugar purchases are made in New York City, and the party giving me this information intimated they were getting confidential lower price."

Will you kindly advise as to the correctness of this statement, and oblige,

Yours very truly,

JB:M.

4375 *Government Exhibit 493-A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 1st, 1931.

Mr. JOHN BASS,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

DEAR MR. BASS: We have your letter of March 30th in reference to an extract from your Texas agent wherein it is alleged that the Great A. & P. Tea Company purchase their sugars in New York and receive a confidential lower price.

It is not unusual for the large chain stores to designate general brokers operating in New York, Chicago, Philadelphia, etc., to receive brokerage on sugars delivered in a number of States.

Unless we are advised as to the refiner whose sugars it is believed have been sold under his openly announced price or the name of the broker who is supposedly splitting his brokerage we will be unable to further follow up this complaint. We have every desire to ascertain the true facts, but believe that you will agree that with the information at hand it would be difficult for us to proceed with an investigation.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

(Armstrong files.)

4376 *Government Exhibit 493–B*

[Copy]

L. W. & P. ARMSTRONG,
April 2, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Attention Mr. Patterson.)

GENTLEMEN: We are in receipt of your letter dated April 1, contents of which had our best attention.

We read in between the lines of your letter that it looks as if some large chain stores, like the Great Atlantic & Pacific Tea Company, are booking their business through specific brokerage houses and that by doing so they directly or indirectly get some concessions from refiners. Of course, we figure that any such practice would be strictly in violation of the Code of Ethics of the Sugar Institute. We understand that the Atlantic & Pacific Tea Company are buying their sugars from several large refiners, members of the Sugar Institute. As far as Texas is concerned, we understand that they cover their requirements primarily from the C. & H., Godchaux, and Imperial.

We wish that you kindly investigate this matter and find out whether they are receiving any direct or indirect concessions or split brokerages.

Yours very truly,

JB:MN.

4377 *Government Exhibit 493–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 1, 1931.

Mr. JOHN BASS,
L. W. & P. Armstrong, 96 Wall Street, New York City.

DEAR MR. BASS: We have your letter of April 2nd in answer to our letter dated April 1st, in reference to contracts booked with general brokers for some large chain stores. To the best of our knowledge, none of the chain stores are securing any concessions, either directly or indirectly, from the refiners.

We have been informed by refiners that in many cases the large chain stores when placing contracts do not know the final destination of the sugars. For example, during the contract period A. & P. may desire to push sugar sales in the State of Florida. For instance, had they previously been featuring sugar in Syracuse but later withdrawn the feature, but at time of entering the contract had entered it in the name of a Syracuse broker, they would not be able to give their Florida broker his increase share of the business.

Again, the chain stores at entry date of contract may not have decided as to the division of their sales to be made with the various brokers.

Trusting this will answer your inquiry, I am,

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

(Armstrong files.)

4378 *Government Exhibit 494*

[Copy]

PROUDFOOT, CHINAL & CO., INC.,
New York City, June 17, 1929.

SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

Strictly confidential for your own personal use under terms of our contract

GENTLEMEN: In reply to your inquiry relative to *A. C. Bradley*, Sugar Broker of Indianapolis, Indiana, the *Bradley Warehouse Company, Inc.*, and the *Great Eastern Sugar Company* we would state that Mr. Bradley has been practically the largest sugar broker and distributor in the territory and has represented the Pennsylvania Sugar Company and the Hershey Sugar Company.

Some time ago, that is, prior to May 2, 1929, the Sugar Institute was said to have written to Mr. Lynn, of the Lynn Howland Company, Mr. C. B. Briney, of the C. B. Briney Brokerage Company, and other brokers with a view to naming warehouses acceptable for sugar storage in Indianapolis. Amongst the members named was Mr. A. C. Bradley and Mr. Joe Brower so that the independent or true brokers practically had to allow Mr. Brower to name his warehouse and Mr. Bradley to name the Bradley Warehouse Company as warehouses acceptable for sugar storage inasmuch as these gentlemen's names were also mentioned by the Sugar Institute. However, they are very frank to state that both these concerns have been in the warehouse business and it is largely by their storage commissions that they have been able to get the bulk of the business away from the independent brokers.

The Bradley Warehouse Company was chartered on September 15, 1928, with an authorized capital of $50,000, to own, control, and operate warehouses and engage in the general warehouse business and transfer and store all kinds of goods. The incorporators were Arthur C. Bradley, John A. Hood, and Virginia Rose.

Mr. Hood, who lives at 3103 Graceland Avenue, Indianapolis, was formerly of the Hood, Scott Company, Merchandise Brokers, 620 South Capital Street, in business until March 1928 when it dissolved and was succeeded by Walter H. Scott Company at the same address. Mr. Hood then went with the Midwest Canning Company of Fowlerton, Indiana, as Manager. He left them about six months later and at the time was reputed to have told Mr. Scott (according to the latter's secretary, Mr. Scott being out of town) that he was going with Mr. Bradley. At present he has a son about 22 years of age named Robert, a college youth who was also claimed to have been working on and off for Mr. Bradley in the Bradley Warehouse Company.

On June 12th we got a local individual in Indianapolis to telephone Mr. John A. Hood at the Bradley Warehouse Company and he gave for the officers the following:

4379

Arthur C. Bradley	President
John A. Hood	Vice Pres. & Mgr.
Ann Howe	Secretary

so that it can be readily seen that Bradley is still identified with the warehouse company.

As to his connection with the Great Eastern Sugar Company, there is no doubt that Mr. Bradley formerly owned and controlled the old Flamingo Sugar Company, which has been succeeded by the Great Eastern Sugar Company. Mr. Arthur Sundling, President and Treasurer, and Mr. Everett H. Hawecotte, Salesman and Secretary, were former employees and really had no capital to acquire the business from Mr. Bradley. They are looked upon as strictly employees and their manner and method of competing with other sugar jobbers tend to indicate that Bradley is the principal with the company.

On June 12th we got a local individual in Indianapolis to call up Mr. James W. Hurt, Secretary of the Great Eastern Sugar Company, who is an employee of the City Trust Company, in the Real Estate Department, and he stated that the Great Eastern Sugar Company has an authorized capital of $100,000 but that Mr. Bradley gave him one share to qualify and that he was nominally Secretary. So far as he is aware, Mr. Bradley is still the President of the company.

The trade points out that as a broker Mr. Bradley gets $.4½ a bag, while the warehouse gets $.6½ storage for the first month, but $.2½ for the second month or nearly $.13½ a bag. About

2/3rds of the sugar for the warehouse need not come to the warehouse; it could be diverted for a charge of about $.0270 so that it could go to other points or direct to customers, leaving nearly $.11 a bag to split with jobbers, etc., so that they could offer inducements against other brokers and undercut competitors. *In fact the Great Eastern Sugar Co. have been known, as in the* last movement in March, to offer lower than refiners prices, quoted at $.475 and the only way they could do it was by splitting the storage charges. *It was the opinion that Bradley's principals*, that is the refiners which he *represented* under the old days would not be very strict if the sugar did not enter the warehouse nor even if they were charged for the second month's storage, provided they were getting the volume of business.

It is felt that Bradley dominates the Great Eastern Sugar Company's policies and that he handles considerable resales of sugar *for them. It is intimated* this may be one way of *splitting his brokerage* by offering the *sugars as a concession and claim their resales for the account of the Great Eastern Sugar Company.*

We believe that shipments of sugars going to Bradley should be watched with a view to seeing if any shipments are forwarded or diverted to the Great Eastern Sugar Company.

Yours very truly,

PROUDFOOT, CHINAL & COMPANY, INC.

4380 *Government Exhibit 495*

SALT LAKE CITY, UTAH, *May 5, 1930.*

Mr. FRED G. TAYLOR,
Sugar Institute, #129 Front St., New York City, N. Y.

DEAR FRED: I am enclosing herewith copy of letter dated April 12th, from Mr. T. H. Devine, Bureau Counsel, which outlines his opinion regarding the legal right to circulate members, freight applications.

Yours very truly,

J. O. DOUGLAS, *Executive Sec'y.*

CC: Mr. T. H. Devine, Thatcher Bldg., Pueblo, Colo.

4381 *Government Exhibit 495–A*

DEVINE, PRESTON & STORER,
Pueblo, Colorado, April 12, 1930.

Mr. J. O. DOUGLAS,
Executive Secretary Domestic Sugar Bureau,
1602 State Bank Bldg., 120 South LaSalle St.,
Chicago, Illinois.

DEAR MR. DOUGLAS: Your letter of April 5th with regard to the subject of "freight applications as announced by individual members" was received during my absence from the City, and conse-

quently there has been some delay in replying to it. As you suggested, I shall defer giving an opinion on the subject until you have had an opportunity to talk with me and explain the situation in greater detail.

Referring, however, to the last paragraph of my letter of April 2nd, in which I asked you to refrain from sending out any information received from any member as to prepays charged by such member until I can give you my opinion on the right of the Bureau to do so, you say you assume that I have in mind circularizing the members with announced prepays in the form which you submitted to me for the state of Kansas. My request was intended to apply to sending out this information in any form until after I have given you my opinion, and I still think you should discontinue sending out this information until we have had our conference and I have given you my final opinion on the subject.

Without undertaking at this time to say what my final conclusion will be, I think I ought to give you some idea why I am advising you to send out none of this information in the meantime.

As intimated in my previous letter, I gather that the only purpose of giving this information to our members is to enable them to determine what prices other members are charging for sugar at the various points in the country where they market same. In other words, I understand the prepay to be an essential part of the price, and that knowing the base price and the prepay quoted by a member, other members will know exactly what that member is getting for sugar at that point; and I further understand that the prepay so quoted is the prepay then in effect, which has been previously publicly announced by the member before advising the Bureau of same. While, therefore, the quotation of the prepay is not the quotation of the price charged for sugar, it is one of the two factors going to make up the price, and as it pertains to the *current* price and not merely to a price charged in past and closed transactions, I am apprehensive that it is of doubtful legality at least for the Bureau to circularize such information among its members.

4382

You will remember that I have cautioned you in the past against transmitting to our members information as to current prices, and I am very much afraid that to circularize our members with information as to one of the two constituent elements in a current price would be equally open to criticism.

So that you may be considering the matter pending our conference, I shall call your attention to some quotations from the authorities which I believe are pertinent.

In Kirsh on Trade Associations, page 62, the author says:

"The decisions draw a vital distinction between reports of the price of 'past transactions' on the one hand and of 'current' or 'future' transactions on the other. While the former have been adjudged permissible, in the ordinary case, in the absence of special

circumstances the latter appear to be forbidden. As was stated by Justice Stone in the Maple Flooring case: 'All reports of sales and prices dealt exclusively with past and closed transactions.'

"Thus, in the Linseed case, Justice McReynolds, speaking for a unanimous Court, held unlawful, among others, the following situation: 'Each subscriber agreed to furnish a schedule of prices and terms and adhere thereto—unless more onerous ones were obtained—until prepared to give immediate notice of departure therefrom for relay by the Bureau.'

"As the Supreme Court said in the Maple Flooring case, in distinguishing the case before them from the Linseed case: 'It was held that the agreement for price maintenance accompanied by free exchange of information between competitors as to *current prices* of the product offered for sale; full details as to purchasers, actual and prospective; and the exchange of information as to buyers and those to whom offerings were made by sellers and of the terms of such offerings, could necessarily have only one purpose and effect; namely, to restrain competition among sellers.'

4383 "In the Hardwood case, the Court stated: 'Member must file at the beginning of each month price lists showing prices f. o. b. shipping point', and new prices had to be filed with the association as soon as made. The secretary then sent to each member not later than the tenth of each month the summary of the price lists thus furnished by the members, showing the price asked by each and any changes made therein were immediately transferred to all the members."

In Jones on Trade Association Activities, page 60, in enumerating the activities which should be avoided by a trade association, it is said:

"Second, there should be no publication of prices. While it is extremely doubtful that the mere circulation of prices on sales consummated is unlawful, yet the opposition of the Government to the circulation of price information establishes a risk of public prosecution, which no association earnestly striving to comply with the law can afford to take. It is almost certain that the publication of high, low, and average prices, on sales consummated by members of an association, will not be held to be unlawful. On the other hand, the publication of the individual prices identifying the members making them not only creates an opportunity for the exercising of social pressure on the price-cutter but also furnishes the basis on which a 'follow-the-leader' plan can easily be made very effective."

In a note appended to the text on the page mentioned, the author says:

"Most of the Government Departments which have given study to this question seem opposed to the so-called 'open-price association', i. e., those exchanging prices, as not in the public interest."

The same author, in an article entitled "The Present Legal Status of Open Price Associations", appearing in the September 1928 num-

ber of The Annals of the American Academy of Political and Social Science, says, on page 35, referring to what a trade association may lawfully do by way of circulating information among its members:

"The data should cover past, closed transactions, rather than future ones. The Supreme Court was careful to point out in the maple flooring case that 'all reports of sales and prices dealt with
4384 past and closed transactions', distinguishing that case from the linseed oil case, among other grounds, by the fact that the linseed organization was publishing the *current price quotations* for future sales. Were associations permitted to publish the future prices their members expected to maintain, or the production they planned to manufacture, such statistical systems would become veritable traps for bringing about tacit agreements as to price or production in violation of the law. The law, however, does permit an industry, by concerted action, to secure all the basic facts as to supply and demand and the prices actually realized on sales so that the entire history of the past up to the moment is available to the individual in determining his own future business policy."

In its report to the Senate on Open Price Trade Associations, the Federal Trade Commission says (on page 50):

"Several open price trade association legal decisions have turned upon the too specific character of the price information circulated.

"The reporting of future prices, or of *quotations that are to hold for some period*, is likewise to be regarded as illegal."

I think the foregoing quotations are sufficient to impress upon you the line of thought which I have been pursuing, so that when we meet to discuss this matter you will have my point of view pretty well in mind.

I may add that in both the Maple Flooring and Cement cases the trade associations there involved did furnish their members with compilations showing the actual freight rates quoted by the railroads in their published freight tariffs from established basing points to the various points to which shipments of lumber and cement, respectively, would or might be made by the members, and the Supreme Court found nothing illegal in this because it simply gave the members, in convenient form, information as to freight rates, which was available to them through the published railroad tariffs. In this way they were able to quote delivered prices to their customers by simply consulting this book of freight tariffs and adding the freight rates there shown to their own mill prices. That, however, was very different from what you have in contemplation, for the reason that the freight tariffs were something that the members of the trade associations had no control over while they do fix their own prepays.

The information which our members would derive from the prepays charged by other members would, it seems to me,
4385 be of no value to them except to enable them to know what prices their competitors were charging at the various points

for which their prepays were shown. This information, if it related to past and closed transactions, would be perfectly proper, but insofar as it relates to current and future prices, it falls within the danger zone indicated by the authorities I have quoted. By taking the information which would be afforded by these prepay lists of a competitor a member, by knowing the base price of sugar, could at once determine exactly what such competitor was charging for sugar at any point and could thus adjust his own prepay, and consequently his price, to conform to that of his competitor, and in this way concerted action in the matter of prepays, and consequently in the price of sugar, might result. It might at least afford some evidence, in connection with other matters, tending to show an unlawful agreement or concert of action in restraint of trade.

You may say that the members might secure this same information from other sources, as these prepays have been publicly announced by the members before the Bureau would undertake to circulate them among the members, but the same thing can be said of circulating among our members the current price quotations of sugar which have been publicly announced by the members. The prepay is simply a component part of the delivered price, and if the current base price may not lawfully be circulated among our members by the Bureau, I feel that for the same reason neither can the current prepays be so circulated.

Until we have had our conference and I have finally passed upon this question, I therefore suggest that you do not send out to our members any *current* prepay quotations *in any form.*

Yours very truly,

T. H. DEVINE, *Counsel.*

(Institute files.)

4386 *Government Exhibit 496*

JANUARY 8, 1929.

From W. B. Tyler.
To Mr. Campiglia.
Subject: Sugar Institute—Uniform Contracts.

There has been submitted to me a letter from The Sugar Institute, dated December 17, 1928, to Mr. J. O. Douglas, together with a memorandum from the same source, dated December 13, 1928, and addressed to the Directors of the Sugar Institute, both dealing with the subject of uniform terms in sugar contracts and dealing particularly with the establishment by sugar refiners of a so-called "21-day contract." This data has been referred to you by informal memorandum from Mr. Douglas calling for your comments, which memorandum bears a pencil endorsement in the handwriting of Mr. Rolph, and a proposed reply drafted by yourself.

Upon several occasions I have given you written opinions on this and related subjects and several months ago when you were leaving for Chicago to attend a meeting of the Domestic Sugar Bureau to discuss interpretations under the Code of Ethics I called your attention to the fact, in a memorandum on the subject, that a so-
4387 called uniform contract as to the form of the clauses to contain each individual refiner's terms, and the form of the contract itself would be permissible under the law, but that an agreement or understanding among sugar refiners, either through a trade association or otherwise, upon the exact terms of sale would constitute a violation of the Sherman Act.

Surely no one can doubt that if a uniform contract were adopted by the sugar refiners which showed thereon a uniform price basis of $6 per 100 pounds, such a contract would be illegal and improper, a violation of the Sherman Act, and would subject the refiners who participated therein to heavy penalties and fines. In my opinion there is no more justification for the uniform adoption, by agreement, of a contract which specifies 21 days for withdrawal of sugar, or a certain fixed percentage of cash discount, or a certain number of days in which the cash discount may be taken advantage of, than there is justification for agreeing upon a uniform price at which the sugar shall be sold. Competition in terms, particularly in the sugar business, is as important a form of competition as competition in price. The two are so closely allied that it is hard to see any distinction. Terms today in Europe, for example, are even a greater consideration than price. In South America long-term credits are the first essential to the sale of goods. In an industry such as ours, where by the very nature of the commodity a standard price prevails, competition in terms may be so substantial as to make the agreement of competitors thereon fall within the prohibition of the Sherman Act. I must admit my inability to see where a
4388 variation among individual refiners of their open and publicly-announced terms of sale would work, as suggested in your proposed reply to Mr. Douglas, such "confusion and inequalities" as would warrant a trade association taking concerted steps to bring about uniformity. I believe that such action would more nearly fall within the definition of "price fixing."

"In industries today where the terms of credit, discounts, and so on are of substantial importance, action by a trade association representing a substantial portion of the industry fixing such terms on a uniform basis, thereby eliminating this form of competition, is dangerous, particularly if employed in connection with any other practice of dubious legality" (Jones on Trade Associations, 1922).

Certainly the substitution, by the concerted action of sugar refiners, of a 21-day contract for the long-recognized 30-day contract heretofore prevailing in the industry, constitutes a subjection upon the public of terms more onerous than those to which they have been accustomed.

"When standardization of credit terms thus interferes with competitive rivalry, and artificially throttles the normal action of competitive bargaining by thwarting economic reward for individual initiative, in the form of better credit terms, there is concerted interference with the determination of price according to economic laws, which constitutes a violation of the Sherman Law" (Kirsh on Trade Association, 1928).

Please understand that I do not question the right of competitors, whether through a trade association or otherwise, to define the meaning of terms and specifications of sale as used in a contract. It is only by arriving at a common understanding or interpretation of such matters that friction and misunderstanding can be eliminated. It is quite proper to substitute certainty in the place of ambiguity and to clearly define the rights and obligations of buyers and
4389 sellers under their contracts. But these inherent rights, in my opinion, should not be accepted by the industry as an invitation to enter into an agreement or understanding which shall bind each seller to the same identical terms of sale as those used by his competitors. It is entirely proper and lawful for competitive sellers to agree upon such definitions and interpretations for instance as (1) what constitutes arrival or (2) when shall the discount period commence to run or (3) what constitutes such payment as will entitle the buyer to a discount, under such uniform clauses as the industry might adopt for its contracts. It is also quite proper and lawful to agree upon uniform clauses for a contract such as for instance:

"Discount ——% if paid within —— days"

but improper and unlawful to agree upon such a clause as:

"Discount 2% if paid within 10 days"

The distinction is obvious. It is proper to discuss and determine how any given number of days shall be computed, but it is improper and unlawful to agree upon the exact number of days that shall be used.

To return for a moment to the subject of 21-day contracts, it must be borne in mind that the purposes of the Sugar Institute and the Domestic Sugar Bureau are to eliminate trade abuses and unethical practices and to promote a higher standard of business ethics. I do not believe that anyone can seriously contend that a refiner who openly and publicly announces to the trade that he will accept contracts for sugar which need not be withdrawn for 42 days after the date of the contract and who does not vary from the terms of
4390 his contract as so announced, is acting in an uneconomic or unethical manner, or that by so doing he is indulging in any trade abuse or violating any ordinary standard of ethics, even though all of his competitors are unanimous that for *their* particular pur-

poses a 21-day contract would be more desirable. It is my opinion that a trade association may properly inquire into the failure of a member to observe and enforce his prices and terms publicly announced, but that it is not proper for such an association to act as a medium whereby its members shall come to an agreement or understanding upon what exact terms the individual members shall openly and publicly announce. There is a marked distinction between the two examples here given.

I must earnestly and emphatically urge and recommend that the California and Hawaiian Sugar Refining Corporation take no part in any concerted action of refiners, either passively, actively, impliedly, or expressly, to agree upon terms of sale. I do not believe that I am ultra-conservative in this recommendation. I know of no legal authority for such activities. Surely there is none such in the twin Supreme Court cases upon which trade associations have pinned their hopes—The Maple Flooring and Cement cases, nor am I willing to accept as legal justification therefor any citations of what the Federal Trade Commission is doing in certain directions, or what the Department of Justice may be countenancing. To further emphasize my objections herein expressed, I quote the following additional excerpt from the very recent edition of Kirsh on Trade Associations:

"These contracts (uniform contracts) aim to substitute certainty in the place of ambiguity and vagueness in business transac-
4391 tions. By clearly defining in advance the rights and obligations of both contracting parties, they reduce to a minimum the occasions for commercial disputes. Here, too, it is important to note the possibility of their abuse as instrumentalities whereby onerous uniform terms are imposed by the concerted action of members of a powerful association upon persons or firms dependent upon them for their source of supply. Such a misuse of potential power would be illegal. The test to be applied would be whether the clauses in question were a regulation of a minor feature of the buyer-seller relationship, reasonably necessary to correct abuses and promote efficiency in the trade, or whether they were in fact a cloak for violation of the anti-trust laws through regulation of matters of vital sales significance."

I hope that the opinion and recommendations herein contained shall not be taken lightly by the management. These matters are of such vital importance to us and to the continued life of our two trade associations, and more particularly the Domestic Sugar Bureau, that I should be glad of an opportunity, at an early date, to confer personally with Judge Devine on the subject at his office in Pueblo. In any event I should like very much to furnish Judge Devine with a copy of this memorandum so that, if his views

coincide with mine, he may, if he chooses, take steps to recommend that no further correspondence or activities of this character shall emanate from the office of the Domestic Sugar Bureau.

(Signed) WM. B. TYLER.

4392 *Government Exhibit 497*

[Letterhead of The Sugar Institute, Inc.]

129 FRONT STREET, NEW YORK, *February 26, 1929.*

To All Members of the Sugar Institute, Inc.:

Subject: Unwithdrawn Balances After Expiration of Contract.

GENTLEMEN: The names on the following list have been reported to the Institute by two or more refiners this year as having unwithdrawn balances at the expiration of a contract period. With the exception of L. V. Menard, New Orleans, Louisiana, all of these firms were reported last year:

(Firm names omitted in printing.)

The following list of names has also been reported by two or more refiners this year. These firms were reported several times last year.

(Firm names omitted in printing.)

4393 Very truly yours,

SIDNEY BALLOU, *Executive Secretary.*

4394 *Government Exhibit 498*

[Letterhead of The Sugar Institute]

129 FRONT STREET, NEW YORK, *January 12, 1929.*

To All Members of The Sugar Institute:

Subject: Unwithdrawn Contracts.

GENTLEMEN: In order to keep our files properly, we would like to receive each week from each of our members a report on their unwithdrawn contract balances. Unless we receive such a report each week we are unable to tell whether there were no such balances or whether they were overlooked.

If it is possible to do so, will you kindly make your lists of customers alphabetic. We keep our own list in this manner and it greatly simplifies our task of checking your list against our cards, if your list is alphabetic.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN T. FISHER,
Office Manager.

4395 *Government Exhibit 499*

[Letterhead of The Sugar Institute, Inc.]

129 FRONT STREET, NEW YORK, *February 25, 1929.*

To All Members of The Sugar Institute:

Subject: Contract Enforcement—Reports.

GENTLEMEN: In view of misunderstanding which has been found to exist, members are again requested to report the *names of customers* and the number of bags not withdrawn in accordance with their contracts at the end of contract period, as follows:

1. Such reports should be made weekly as of the close of business on Saturday.

2. *The customer's name, address, and number of bags unwithdrawn should be repeated each week until the contract is finally cleared up.*

3. Refiners having no unwithdrawn balances should report that fact regularly, as there is a great difference between a report of no unwithdrawn balances and no report at all.

Adherence to the above rules will enable the Institute to distinguish between occasional lapses soon remedied and those habitual delinquents whose continued failure to live up to their contracts makes them proper subjects for credit reports.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

4396 *Government Exhibit 500*

[Copy of outgoing telegram]

AUGUST 19, 1929.

(1) Mr. LOUIS V. PLACÉ, JR.,
W. J. McCahan Sugar Ref. & Molasses Co.,
101 S. Front St., Philadelphia, Pa.

(2) Mr. W. H. HOODLESS,
Pennsylvania Sugar Refining Co.,
1037 N. Delaware Ave., Philadelphia, Pa.

Enforcement Committee requests report of exact status of deliveries guaranteed contracts close of business tonight Stop Please also report undelivered balances, if any, on thirty day five cent contracts *giving cause of delay* Stop. Please transmit in time for mornings meeting.

SUGAR INSTITUTE.

(Institute files.)

4397 *Government Exhibit 501*

[Letterhead of W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., *March 26, 1929.*

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: In this morning's mail I received from you a copy of Mr. Moog's letter dated March 22nd addressed to you on the subject of "Uniform Terms." I note your attached memorandum to the effect that this copy is sent for my consideration and comment.

Not having before me any copy of your letter of March 20th to Mr. Moog, I am under a bit of a handicap in making any comment on Mr. Moog's present reply. However, in view of Mr. Moog's attempt to place on "McCahan or one of the Eastern refiners" the blame for the breaking down of the "Uniform Terms", I am moved to make a few remarks.

It is true that Eastern refiners did not, at the close of lake navigation last year, raise the basing rate in Chicago to the New Orleans all-rail rate as had been customary in the past. However, if we are to play a game of "passing the buck" I can state that there was *no reason for allowing New Orleans the advantage of her "geographic location" during the winter when the advantage of Philadelphia's "geographic location" had been denied all during the preceding summer.* Therefore, the eventual responsibility for the present breaking down of the "Uniform terms" seems to have been passed on to the gentlemen who determined to break down the Chicago basing rate to the Philadelphia Rail and Lake rate during last summer. Probably they will have some plausible reason for doing so.

Mr. Moog believes that, due to the lower rate enjoyed, New York refiners should impose stricter payment terms on their all-water shipments than New Orleans imposes on their barge shipments. However, he cannot understand how, in spite of the lower rate enjoyed by New Orleans, we should believe that payment terms on barge shipments should be stricter than on Rail and Lake shipments.

4398 In this same manner it would be possible (if it were necessary and if there were any advantage in doing so) to pick flaws in the arguments advanced for creating or retaining any "geographic" or other advantage for use as a "selling" advantage. Any "geographic" advantage possessed by a refiner will always benefit him in a financial way (by reducing his costs) but, in the final analysis, it will eventually be recognized that (as sure as the sun will rise tomorrow) it is physically impossible to arbitrarily use a "geographic" advantage as a "selling" advantage.

If each refiner cannot, in his selling, exactly "meet" the "geographic" advantage possessed by other refiners, then he will try to compensate for it in some other manner. This starts a gradual breaking down process which eventually brings about a balance. Unfortunately, by this method, the balance is reached at a level where all factors are suffering whereas, if each refiner would retain his "geographic location" merely as a financial advantage instead of trying to keep other refiners from meeting this competition, then the "balance" could be achieved at a higher level.

Yours very truly,

L. V. PLACÉ.
Vice President.

4399 [Omitted; duplicate.]

4400 [Omitted; duplicate.]

4401 *Government Exhibit 502*

Re: Spreckels v. Pennsylvania

AUGUST 22, 1930.

Mr. FRANK SULLIVAN,
Western Sugar Refinery, 2 Pine Street,
San Francisco, California.

DEAR FRANK: I have your favor of the 13th instant and note what you write about the *Toll Contract*. The figures I sent you are regarded as indicative and not as final. With a natural trade in progress I would naturally expect to do better.

General conditions in the refining game are not so good. With our friends this appears to be particularly true. They need working capital and with banks getting tired of doing so, it seems now to be a question of who will put it out. They are at present quite excited over the possibility of their making a trade with some interest not now in the refining business, but I think there is very little prospect of this going through. In the meanwhile, there is every indication of their closing down the plants about September 1st. All of which, of course, is given you in confidence.

I answered yesterday your telegram with regard to market conditions. From a market standpoint there was no occasion to cover the September shorts and good reason for switching to December at the premium, but as explained, the factors that induced us to cover were first, the low price; second, the uncertainties as to what the Chadbourne committee might temporarily accomplish; and third, the knowledge that technically the longs were not in a bad position as the duty has been paid on a good deal of the sugars in store and so there is not as much of the available supply deliverable against an

exchange contract as would usually be the case with the same quantity in store.

We did not anticipate that the third reason would cause much trouble, but did recognize it as a factor. Further, we felt like taking in the September if, for any reason we did get a breeze, we could put them out again in December and keep doing this until the refined sugar was closed out. As already explained, the latter is not going to be an easy proposition. Pennsylvania sugars are about the hardest brand to sell in Chicago on an even basis. If it were not for the Institute and its entanglements, I would think a sale at five points off was a good one. I would think that this concession would not any more than put them on an even basis with competitors.

Sincerely.

FCL.

4403 *Government Exhibit 503*

[Copy]

WESTERN SUGAR REFINERY, JULY 7, *1930.*

Mr. Frank E. Sullivan,
2 Pine Street, San Francisco, California.

DEAR FRANK: With regard to letting this Pennsylvania sugar move to Chicago, and our selling it for your account, would say that we feel quite certain that we could sell this sugar in that territory as well, or better than others. Anyone handling the sugar has certain handicaps.

Further, until we have more confidence in the raw market, we will leave those hedges out and only take them in as we sell refined. This will protect you against any possible further decline in raws and you will be running only the risk of a possible reduced refining margin. The latter does not seem reasonable inasmuch as the *Institute "got religion"* in last month's meeting. However, you know much more about this than we.

We are moving the sugar to Chicago at 36¢, including insurance, so that with the help of a 51-cent rate, you pick up 15 points, which should cover storage charges.

We are handling the matter and will let you know how we get along on sales and attend to the billing and collections just as we have the Spreckels sugar, so you need not worry any more about it.

Trusting this is satisfactory, I am,

Very truly yours,

F. C. L.

4405 *Government Exhibit 504*

[Night letter]

MAY *23, 1930.*

MR. FRANK E. SULLIVAN,
2 Pine Street,
San Francisco, California.

Finally closed with Spreckels on basis toll rate Seventy-two one-half points in their bags but leaving us option taking any part in your bags *sixty-two one-half points* Stop. They made the point that on sixteen one-half charge for invoicing collecting brokerage storage, etc., this was their cost in April and you would have to pay whatever was cost for months in which sugar was sold might be more or less. I explained to them you wanted something definite and tried get them to call it trade at sixteen one-half points but they held out for actual cost whatever it might be basis of settlement. Then told them I knew you wanted fixed charge and that I would do that work for you at flat charge sixteen one-half points. This entirely agreeable to them and I suppose to you just as satisfactory pay us this fixed rate as would be to pay them Stop. This means we sell and invoice sugar for your account we having privilege shipping anywhere we elect and at any time we elect between now and August fifteen. Liquidation will show you credited at exact invoice price against which you will be charged out of pocket money for freights paid then you will pay Spreckels the seventy-two one-half points for refining in accordance with agreement reached.

FRANK C. LOWRY.

[Copy]

4406 *Government Exhibit 505*

JUNE 5, 1929.

Mr. S. P. GOBLE,
Rockwood & Co., Brooklyn, N. Y.

DEAR MR. GOBLE: We duly received your letter of April 23 which was given to Mr. Post for his decision as to the conditions involved.

We cannot in any way take exception to which you say in regard to the bags, but the Institute passed a ruling which we quote below:

"Used Bags: The making of an allowance on used bags returned by the customer or on the use of customer's bags, constitutes a special allowance and the practice is so open to irregularities and abuse that it should be discouraged."

The reason for this action was not to hurt the manufacturer but to prevent a practice that might be the cause of discrimination, and as you can readily see *there is a great chance for someone in their anxiety to secure certain attractive accounts to pay a little higher price for the returned bags than that being paid by some of their competitors.*

Hope we have made our position clear to you and knowing what it is feel that we have taken action that will work out for the best interests of all concerned.

Yours very truly

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

4407 *Government Exhibit 505–A*

Complaint and Inquiry

[Letterhead of Godchaux Sugars, Inc.]

NEW ORLEANS, *March 25, 1929.*

Judge SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: From a number of different sections of the South, we have heard reports that Hershey has agreed to allow the buyer of sugar 10¢ per bag rebate on second hand sugar bags. We received this information in two different forms: one, that same was a definite proposition made by the Hershey representative, namely, that one of Hershey's sources of coca beans in the tropics would be willing to buy these second hand bags for 10¢ each, and the other being that the Hershey local brokerage firm, Benham & Co. have said to the buyers that they had clients who were shippers of coconuts who agree to buy these bags at 10¢ each.

In either event, it has the same effect, namely, it *causes buyers to feel that they have an outlet for second hand Hershey bags which nets them 5¢ per cwt. better than they can obtain on bags from Institute refiners.*

I am therefore bringing this matter to your attentiton, trusting you will get the matter clarified through the Hershey representatives in New York.

Very truly yours,

J. MOOG.

(Institute files.)

4408 *Government Exhibit 505–B*

[Copy]

Complaint and Inquiry

APRIL 3, 1929.

Mr. H. H. PIKE,
91 Wall Street, New York, N. Y.

DEAR MR. PIKE: At Judge Ballou's request, I am enclosing a copy of a letter received from Godchaux concerning second-hand bags.

As we see it, if Godchaux is correct in his statements, there are two possible effects from this practice. The first is that it would put a weapon in the hands of your brokers by permitting them to assure their clients of a higher return on used bags, provided they were your bags; this being on the assumption that the broker was hunting

up a market for used bags with his own responsibility. The second feature is that the implication would be that the Hershey Corporation was back of the broker and had created a market for their own bags themselves. In either case, it would constitute *discrimination against other refiners* and would therefore create an unhappy situation.

After you have read Godchaux's letter, I would be very glad to have you drop me a line or to come and discuss this question with you personally.

Very truly yours,

THE SUGAR INSTITUTE, INC.,

Office Manager.

E. T. F.: M. D.
(Institute files.)

4409 *Government Exhibit 506*

GREAT A. & P. TEA CO.,
420 Lexington Ave., New York City.

The undersigned has this day sold to you Seven hundred (700) bags of National Sugar through Howard Prentzel basis 4.05 to apply against the contract and/or account of the undersigned with The National Sugar Refining Company of New Jersey.

The National Sugar Refining Company of New Jersey has agreed to make delivery and/or shipment of said sugar to you, and in consideration thereof and of the actual delivery and/or shipment of said sugar by The National Sugar Refining Company of New Jersey and in guarantee of payment therefor, the undersigned has assigned, transferred and set over, and by these presents does hereby assign, transfer and set over unto The National Sugar Refining Company of New Jersey, all and singular the proceeds of the aforesaid sale made to you, and the undersigned hereby requests, authorizes and directs you to make payment therefor to The National Sugar Refining Company of New Jersey at its office No. 129 Front Street, New York City, New York.

WITNESS the authorized signature of the undersigned hereto, in duplicate, this ———— day of ———————— 193

In Presence of

4410 *Government Exhibit 506–A*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, August 24, 1932.

BERKO MALTED MILK CO., INC.,
74–10 69th St., Glendale, L. I.

GENTLEMEN: Enclosed find assignment of 700 bags sugar sold to the Great A. & P. Tea Co. through Howard Prentzel, at 4.05 basis.

We will thank you to have two copies signed, dated, witnessed by a Notary Public and returned to us immediately, keeping the third for your files. You will also please render invoices to the Great A. & P. Tea Co. at the sale price and instruct them to pay us.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.
H. J. SQUIRE.

4410a *Government Exhibits 507–508–H, inc.*

Exhibit 507 (filed with the Clerk of the Supreme Court in lieu of printing) is a contract, dated June 15th, 1932, for the sale by National to Berko Malted Milk Company of 2,500 bags of sugar at 3.70. Exhibits 508 to 508–H, inclusive (filed with the Clerk of the Supreme Court in lieu of printing), are documents showing a resale of 700 bags of this sugar by Berko Company to the A. & P. Stores on August 24, 1932, at 4.05, National aiding in making the resale and permitting the sugar to be delivered at Auburn.

4411 *Government Exhibit 511*

THE SUGAR INSTITUTE,
129 Front Street, New York, October 19, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
New Orleans, La.

DEAR MR. MOOG: We are in receipt of a communication through American here from their New Orleans representative in which they refer to your consignment practices in the State of Illinois. We quote the following from their letter:

"For some time past, we have been confronted with a situation in southern Illinois which has been very unsatisfactory, caused principally by Godchaux Sugars, Inc., carrying consigned stocks in the following points:

"Centralia, Ill.; Effingham, Ill.; Christopher, Ill.; Mattoon, Ill.; Mt. Vernon, Ill.; Vandalia, Ill.; Staunton, Ill.; Virden, Ill.; Flora, Ill.

"None of these points are sufficiently large to justify consigned stocks, and if we, followed by others, adopted the same plan as Godchaux Sugars, Inc., it would ultimately result in there being more sugar carried on consignment in these small towns than could be consumed for many months.

"In reality this is tantamount to carrying consignments for certain buyers. We cannot continue to forego the business within that area, nor are we in sympathy with the consignment proposition. I

would, therefore, appreciate it very much if this question could be gone into by the Institute in the hopes of effecting the desired relief."

We are not in a position to judge the merit of the writer's statement that "none of these points is sufficiently large to justify consigned stocks"—but we do share his opinion that if consignments became the general practice in the cities to which he refers a
4412 substantial added sales expense would result with no compensating advantage to the industry.

We submit the matter for your careful consideration and would be pleased to hear from you at your earliest convenience.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

4413 *Government Exhibit 511–A*

Mr. FRED G. TAYLOR,
Executive Vice Secretary,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: Replying to your letter of October 19th in reference to consignments which we carry in the state of Illinois, the points of consignment mentioned by the American Sugar Refining Co. are no different from those that have existed for several years. We have built up our volume of business in Illinois on the basis of selling sugar from consignment, and at the present time, we have sugar on consignment at 27 cities in Illinois. I, therefore, do not see why the American should simply pick out the nine cities in their letter for a special discussion of this subject.

As to the position of the American that none of these points are sufficiently large to justify consigned stocks, would say that I believe that the results of our sales must be the deciding factor for us on this question, and it was with the idea of demonstrating over a period of time whether consigned stocks are desirable at any point that I, since the inception of the Institute, have urged that a charge be made for deliveries from consignment, which charge is now effective, and even since this charge has been instituted, we still have an undiminished demand for the purchase of sugar from consignment at our various Illinois points.

We cannot agree to the correctness of the statement of the American that these consignment stocks are tantamount to carrying consignments for individual buyers, because our consignment stocks are available to all legitimate buyers in the various cities in Illinois where such consignments are carried.

If you will read back over the minutes of the Sugar Institute, you will see that I, as a Director of the Institute, have always taken the position that the Institute membership could not and should not endeavor to "hand-pick" the points at which consignments should be carried. I did this for the reason that to endeavor to do so would mean simply the sparring of one refiner with another for some undue advantage, and would interfere with the individual refiner's established basis of conducting his business, and as long as that established basis is not in any way unethical and conforms fully to the best of trade practices, I can see no basis for a complaint on the question raised.

Our company must and will continue to main the position they have taken in the past that the question as to what cities consigned stocks should be carried, is not one for decision by the Institute.

Very truly yours,

J. Moog,
WHF—

4414 *Government Exhibit 511-B*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, July 2, 1930.

MR. THOMAS OXNARD,
Vice President, Savannah Sugar Refining Company,
Savannah, Georgia.

DEAR MR. OXNARD: We have been informed that you intend to establish a consignment at Vicksburg, Mississippi. We do not know whether or not this is true, but before taking any action on considering this as a consignment point, we would appreciate your advising us whether or not the rumor is a correct one.

With kindest regards,
Yours very truly,

R. S. STUBBS,
Vice President.

(Savannah files.)

SAVANNAH, GA., *July 7, 1930.*

MR. RALPH STUBBS,
Vice President, The American Sugar Refining Co.,
117 Wall Street, New York, N. Y.

DEAR RALPH: I have your letter of July 2nd with reference to our establishing a consignment at Vicksburg, Miss. We are maintaining a branch office in Memphis, Tenn., which handles the details

4415 *Government Exhibit 511–C*

of the shipments along the Mississippi River. Our man there did not realize that Vicksburg could not be used as a transit point for sugar. He evidently thought that while Vicksburg was not a consignment point, but since it was a barge line transit point, he could put sugars in there for forwarding to certain points in Mississippi and southern Tennessee on the rail rate. A small quantity of sugar was put in there by him about three weeks ago. Upon our learning of this, we directed him not to put any further sugars at this point and to clean up his stocks there as soon as possible. At the present time we have about 1,400 bags in Vicksburg which will be cleaned up as promptly as possible, and not replaced and none of which will be used for consignment deliveries in Vicksburg itself.

You may rest assured that no further sugars will be stored in Vicksburg transit stock by us.

Very truly yours,

Vice President.

T. O.: McC.
(Savannah files.)

4416 *Government Exhibit 527*

(Copy, L. W. & P. Armstrong, 90 Wall Street.)

NEW YORK, *February 20, 1928.*

Mr. GEO. E. KEISER,
136 Front St., New York City.

DEAR SIR: We are very glad indeed that you have called us up this morning in connection with the practices in the South. Our instructions to all our brokers have always been to the effect that they should follow exactly the other refiners in selling their sugars, and also to *follow exactly the rules as established by the Sugar Institute.* You know that we have always tried to be as ethical as possible in the conduct of our business, and that if unethical conditions have crept into the market, we always have regretted it very much, and we will be *only too glad if everybody could be brought in line* to live up strictly to the terms of the Institute. Our instructions to our brokers in the South were not to use the barge rate unless other refiners were selling out of consignment stocks on the barge rate, and we have been informed that other refiners are doing this. We have therefore again telegraphed today to our brokers in Mobile and Birmingham, copies of which telegrams we herewith enclose.

We feel just like you do, that there is no justification in giving the buyer the advantage of the barge rate out of consignment stocks, and that as a matter of fact if the refiner can offset some of his storage expense by the difference he gets on the barge rate, he ought

to be glad to have an opportunity to do so and not spoil the market on himself. We are sorry that these conditions do not only exist in the South, but all over, and are seemingly still practiced in spite of the formation of the Institute. We have, for instance, a report from our Norfolk representative that Baltimore refiners are selling in Norfolk on a barge rate of about 10¢ when, as a matter of fact, they ought to use the rail rate of over 20¢. Our instructions in Norfolk were not to sell on the barge rate, but we are sorry to say that we will be forced to do so in view of the fact that the refiners seemingly interpret the Code of Ethics differently and claim that it is their privilege to quote any freight rate, and even absorb any freight differential as they see fit. Of course, we do not know for sure whether this is the refiners' attitude, but we feel that for the benefit of all refiners, the *Institute should make rules to this effect.*

You are quite familiar with our experience in Buffalo. You remember that we shipped some time ago a few thousand bags to Buffalo, and gave strict orders to the brokers not to sell otherwise than on a freight rate from New York to Buffalo, as we assumed that all refiners were doing likewise in selling out of consignment stocks in Buffalo. What actually happened was that we were "holding the umbrella" for other refiners, who were selling on the quiet, not only on the regular barge rate from New York to Buffalo, but even on a cut-rate barge rate of 14¢. This naturally put us in a rather disagreeable situation, as our storage expenses, etc., were piling up, and we finally were forced to sell the sugars at a lower freight rate than we actually paid to Buffalo.

4417

There are so many practices that we consider unethical, and which are seemingly still maintained by the refiners, that we only wish that the refiners would get together and eliminate same, and you may rest assured that although we may not be in the Institute, we are wholeheartedly in accord with their ideas, and that *we would be the first ones to observe these practices if they could be enforced by everybody. Since the Institute has been formed, we have been absolutely firm in our price,* and have given no allowances outside certain truckage allowances to which we were forced to on account of the fact that other refiners are making free deliveries in the refining points. But, even so, we have tried to restrict our truckage allowance in New York to 5¢ and make no truckage allowance for buyers in Newark, as we understand that refiners were charging a premium of 10¢ for deliveries there. However, no sooner had we gotten started when we found out that the Federal was allowing truckage allowance of 10¢ to buyers in Newark, and that the National followed suit with truckage allowances of 7¢ from Edgewater, and were also making allowance of 6¢ for trucking from Long Island City to Brooklyn. We, therefore, had to revise our truckage allowances accordingly, although, in spite of larger allowances made by other

refiners, we still maintain our maximum truckage allowance of 5¢ with exception of Newark, where we meet the National. We are also notified from several of our representatives that other refiners are selling sugars out of inland consignment points in smaller quantities, thereby giving the small buyer the same benefits as to freight rates which the larger buyers get. We are continually discouraging similar practices as far as "Snow White" sugars are concerned, and have notified our brokers that we consider it unethical for any refiner to compete in this way with the wholesale grocery. It is our opinion that the wholesale grocery has specific functions in buying sugars in larger quantities, and carry same in stock for the convenience of the smaller buyer, and that, in view of this, he is entitled to sell the sugars in smaller quantities at the higher price or on the basis of less than carload freight rates, and that the refiner should not spoil the wholesale grocers' business by going directly to the small buyer and give him the privilege to withdraw from day to day at the refiners' price plus the carload rate. We, therefore, are trying to get away entirely from inland consignment points, and selling on that basis, even if these inland consignment points should be re-distributing centers.

4418 You will therefore see that we are doing everything possible, not only to play fair and work in harmony with the other refiners, but even to better conditions. Of course we realize that, after all, we are only a little factor, as the shipments that we are called upon to dispose for account of our principals in Porto Rico are very small. We have been continually approached by the trade for a *larger differential* between our price and the refiners' price, as the trade claims that the difference does not pay them to introduce a new brand, and for other good reasons, but we are holding very firm to our ideas, and we feel that you will appreciate our efforts. You may rest assured that we are doing our utmost to help the situation, and that we very much regret if anybody else should do differently.

Yours very truly,

(Sgd.)

JB:MB.

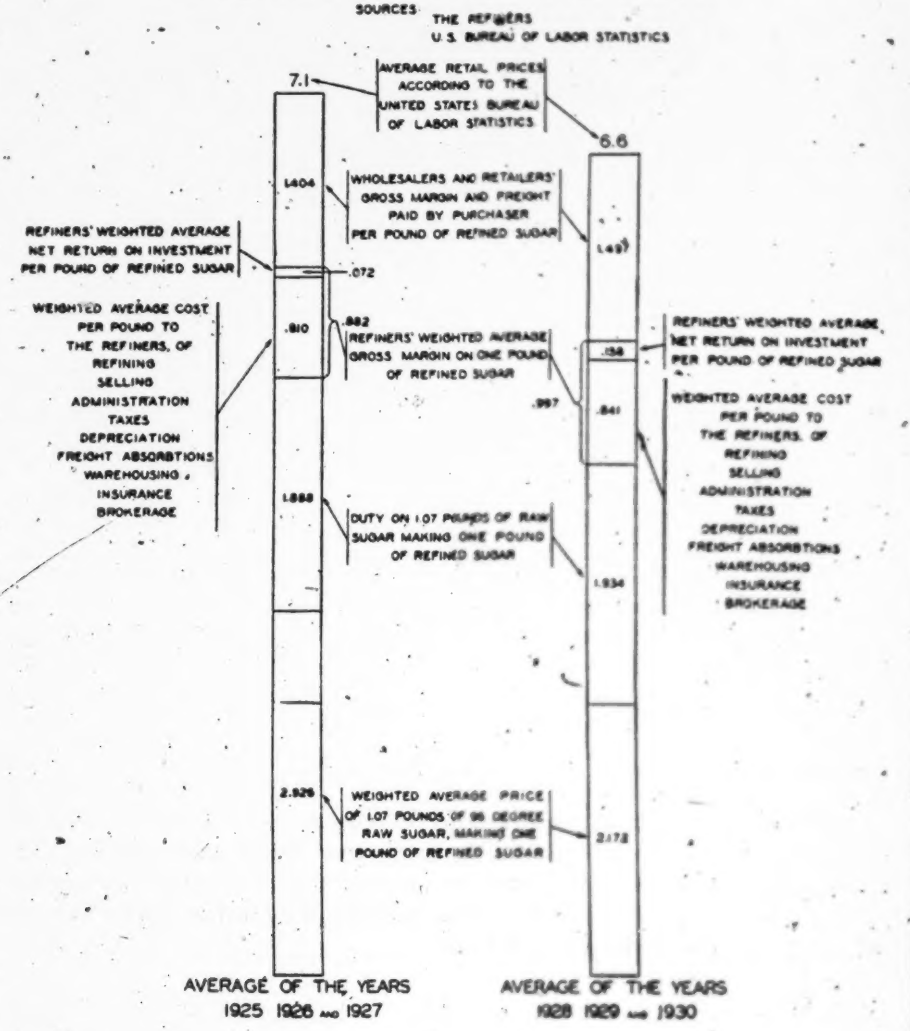
P. S.—Subsequent to sending these telegrams, we have received the following telegraphic replies from our representatives in the South, copies of which we herewith attach, and also attach herewith copy of our telegram to our representative which we have read to you over the 'phone before sending.

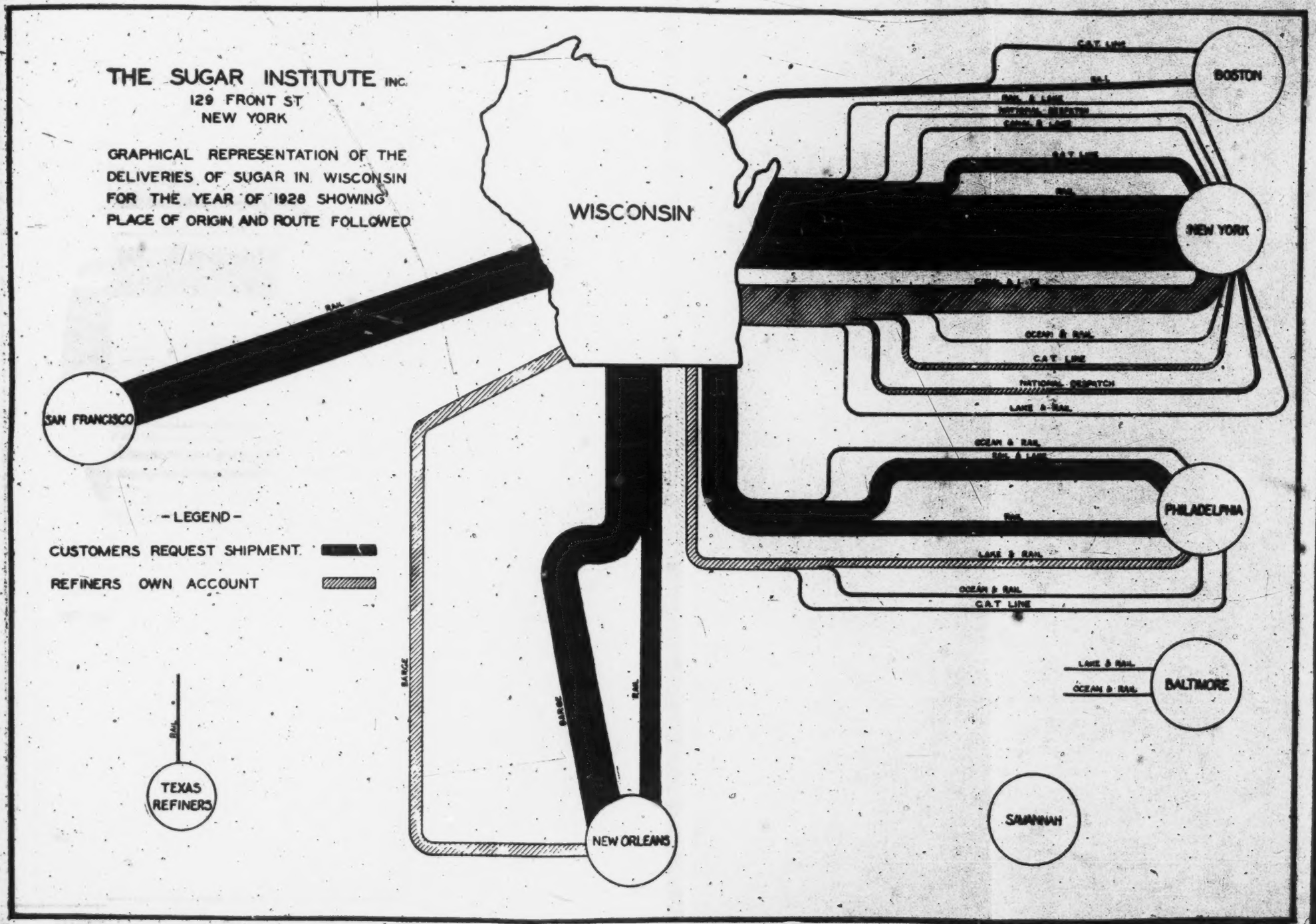
Yours very truly,

JB:MB. (Sgd.)

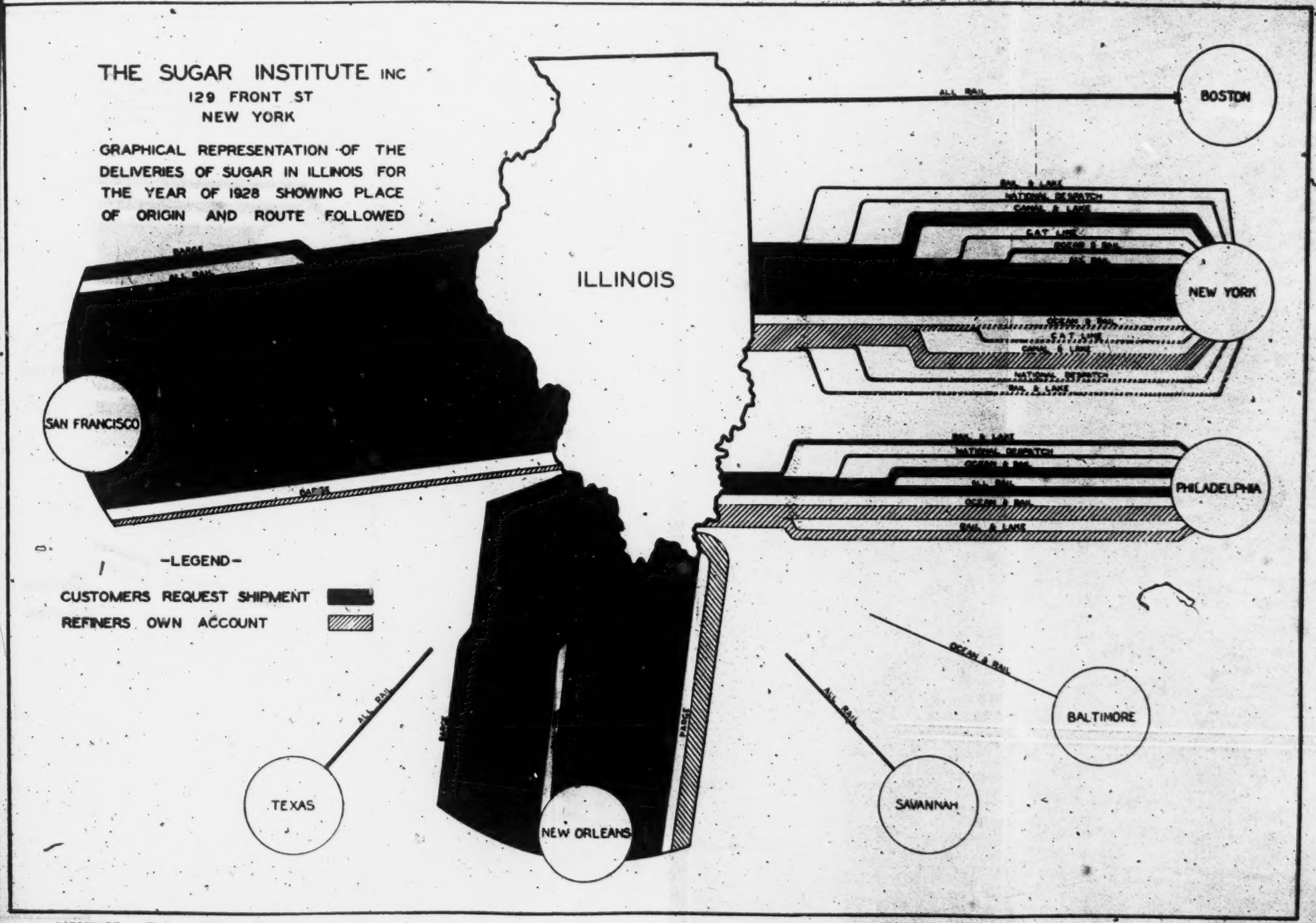
4423 *Government Exhibit 530*

ANALYSIS OF THE VARIOUS FACTORS COMPRISING THE AVERAGE COST TO THE CONSUMER OF ONE POUND OF REFINED CANE SUGAR.





24739—35. (Face p. 2378.) No. 1.



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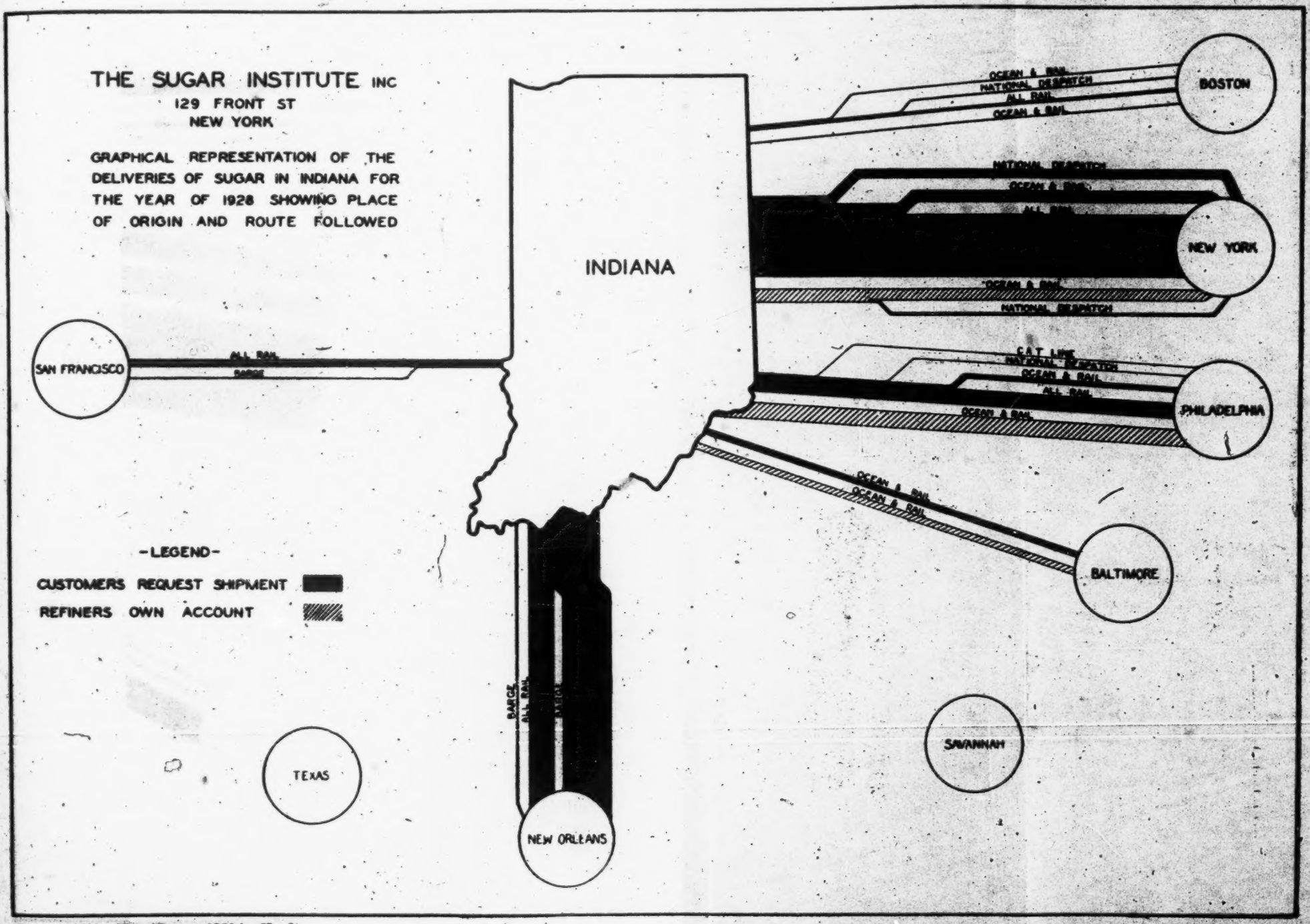
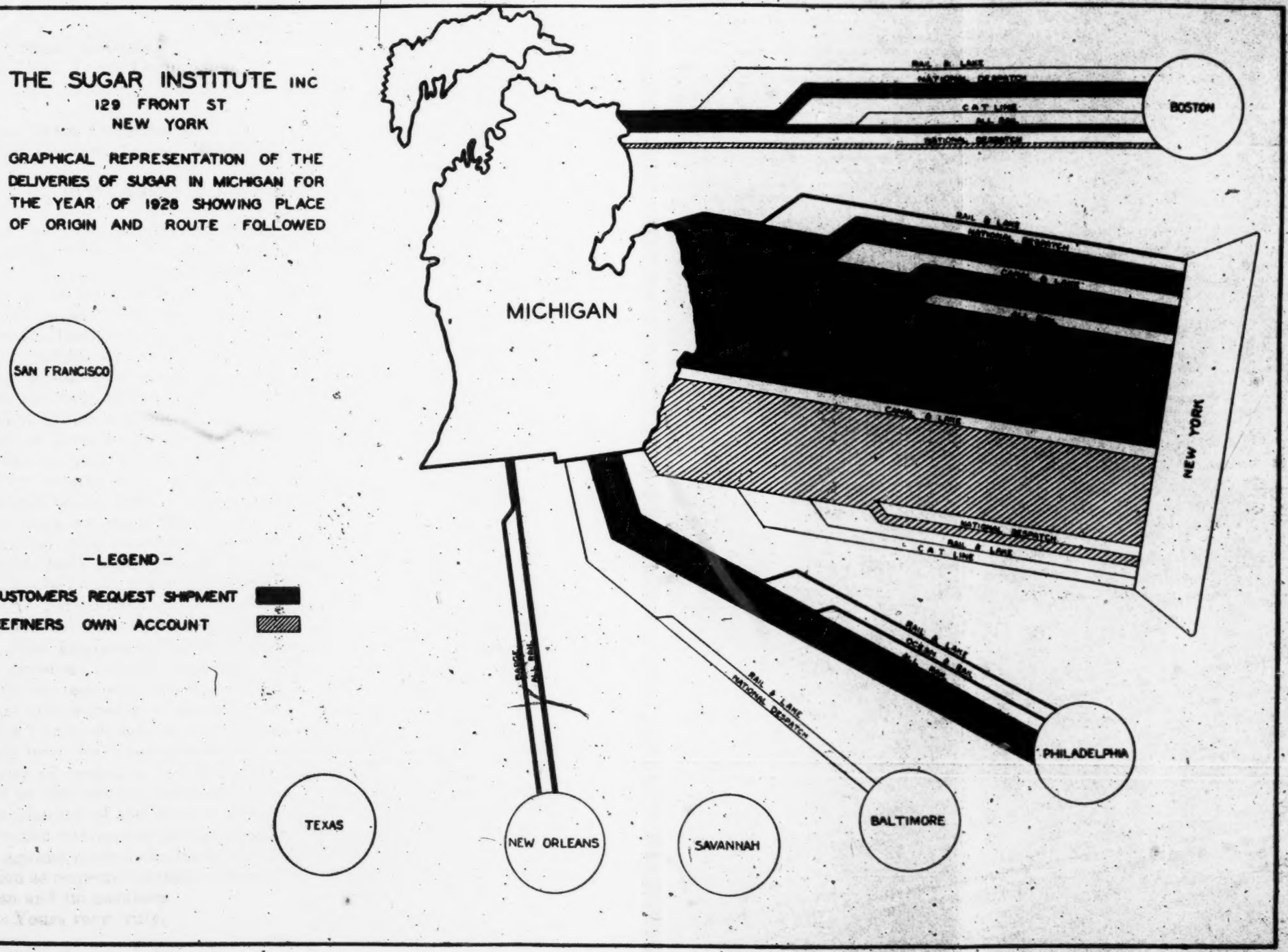

THE SUGAR INSTITUTE INC
129 FRONT ST
NEW YORK
GRAPHICAL REPRESENTATION OF THE DELIVERIES OF SUGAR IN INDIANA FOR THE YEAR OF 1928 SHOWING PLACE OF ORIGIN AND ROUTE FOLLOWED
INDIANA
BOSTON
NEW YORK
PHILADELPHIA
BALTIMORE
SAVANNAH
NEW ORLEANS
TEXAS
SAN FRANCISCO
-LEGEND-
CUSTOMERS REQUEST SHIPMENT
REFINERS OWN ACCOUNT

THE SUGAR INSTITUTE INC
129 FRONT ST
NEW YORK

GRAPHICAL REPRESENTATION OF THE DELIVERIES OF SUGAR IN MICHIGAN FOR THE YEAR OF 1928 SHOWING PLACE OF ORIGIN AND ROUTE FOLLOWED



[File copy]

Client: Sugar Institute.
Matter: Fed. Trade Commission.

SULLIVAN & CROMWELL,
April 2, 1931.

FEDERAL TRADE COMMISSION,
1800 Virginia Avenue, Washington, D. C.

In the matter of The Sugar Institute, Inc.

DEAR SIRS: On Monday last there was filed in the United States District Court for the Southern District of New York, in New York City, a petition against the Sugar Institute and all its members, a copy of which is enclosed with this letter.

It will appear from the petition that the grounds of complaint against the Institute are substantially identical with those set forth in your preliminary notice of hearing to the Institute and its members, upon which complaint we appeared in behalf of the Institute and its members before your Board of Review on Monday, March 30th. The grounds of complaint against the Institute and its members, as set forth in the petition, are if anything broader than those set forth in your notice of preliminary hearing and presumably therefore broader than, or as broad as, any grounds of complaint that would be set forth in any complaint issued by you, should you decide that a complaint should issue.

The trial of a complaint, should one issue by you, before your honorable body would involve the taking of a great deal of testimony, would consume a great deal of time and would put yourselves, but more particularly the defendants, to a great deal of expense.

The defendants are widely scattered, as you are advised, from
4425 New England to the Gulf and on the Pacific Coast, and the expense of travel itself and the time consumed therein would be very burdensome. As the defendants will be required to incur all this same expense in the trial of the case in the United States District Court, we believe that in fairness to them, that case having already been instituted, you should withhold your decision as to the necessity of issuing a complaint until the issues have been determined by the courts; particularly in view of the fact that because of the identity of the issues a determination of them by the courts will render unnecessary any proceedings or orders by your honorable body against these defendants, and may well be controlling of your decision as respects the other defendants, namely the Domestic Sugar Bureau and its members.

Yours very truly,

S. & C.

4426 *Government Exhibit 531-B*

FEDERAL TRADE COMMISSION,
Washington, April 3, 1931.

SUGAR INSTITUTE, INC., RE FEDERAL TRADE COMMISSION

GENTLEMEN: Consideration has been given by the Commission to your wire of April 2nd and your letter of April 2, 1931, in the matter of the above entitled case, in which you request, on behalf of the respondents, that the Commission withhold its decision as to the necessity of issuing a complaint until such time as the issues in the case instituted by the Department of Justice in the matter of United States vs. The Sugar Institute, Inc., et al., have been determined, and I am now writing to advise you that the Commission has suspended further proceedings in its case pending final decision in the case instituted by the Department of Justice.

By direction of the Commission.

OTIS B. JOHNSON, *Secretary.*

SULLIVAN & CROMWELL,
48 Wall Street, New York City.

4427 *Government Exhibit 532*

COMPARISON OF FREIGHT ABSORPTIONS, AMERICAN SUGAR REFINING COMPANY

For 3 Years Before the Institute and 3 Years after the Formation of the Institute

Frt. Losses on Deliveries of Product:

1925	$211,961.50	
1926	112,723.94	
1927	115,428.70	
		$440,114.14
1928	116,787.95	
1929	189,056.19	
1930	109,910.01	
		415,754.15
Decrease 1928–30		24,359.99

4428 *Government Exhibit 533*

U. S. v. The Sugar Institute, Inc., et al

Comparison of net refining profits of defendant refiners three years before formation of Institute and three years after formation of Institute as taken from defendant's exhibits

	Average yearly profit, 1925–1927	Average yearly profit, 1928–1930	Increase average yearly profit after Institute
American Sugar Refining Co. and Franklin Sugar Refining Co.	$3,384,134	$7,167,547	$3,783,398
Arbuckle Brothers	738,276	520,886	*217,390*
C. & H. Sugar Refining Co.	797,181	656,347	1,453,428
Colonial Sugars Company	179,028	157,883	*21,145*
Godchaux Sugars, Inc.	640,689	900,531	259,842
William Henderson	1,674	200,055	198,381
Imperial Sugar Refinery	436,602	494,554	57,952
W. J. McCahan Sugar Refining & Molasses Co.	322,257	822,696	500,439
National Sugar Refining Co. of N. J.	2,123,446	3,249,553	1,126,107
Pennsylvania Sugar Company	649,439	762,367	112,928
Revere Sugar Refinery	1,969	260,534	258,565
Savannah Sugar Refining Corp.	435,944	541,476	105,532
Spreckels Sugar Corporation, and predecessor, Federal Sugar Refining Co.	*1,699,595*	*1,678,494*	13,901
Texas Sugar Corporation	*185,895*	*[illegible]*	265,179
Western Sugar Refinery	826,584	856,986	30,402
Total	7,124,593	15,052,107	7,927,514

NOTE.—Italic figures indicate a deficit.

Percentage of increase in refining profits for three years after formation of Institute	111.270%
1925–1927, average gross refin. capital	$264,677,517
1928–1930, average gross refin. capital	286,887,285
Increase after Institute	22,209,768
Percentage of increase of average capital employed for refining before deducting reserves for depreciation and taxes	8.390%
1925–1927, average net refin. capital	$209,046,664
1928–1930, average net refin. capital	217,493,729
Increase after Institute	8,447,065
Percentage of increase of average capital employed for refining, after deducting reserves for depreciation and taxes	4.041%

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